Saskatchewan

Business and Financial Plan

For the Year Ended March 31, 2002

As Presented to the Board of Internal Economy

Provincial Auditor Saskatchewan

101-01904/

Provincial Auditor Saskatchewan

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November 28, 2000

The Honourable Ronald Osika
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I am pleased to present my Business and Financial Plan for the year ended March 31, 2002 to the Board of Internal Economy.

Yours truly,

Fred Wendel, CMA, CA
Acting Provincial Auditor

/dd

Our Business and Financial Plan

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Glossary

Estimate – Future-oriented financial information prepared using actual results where available and assumptions all of which reflect the entity's planned course of action for the period covered given management's judgement as to the most probable set of economic conditions.

Forecast – Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions (CICA Handbook).

Projection – Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions, together with one or more hypotheses that are assumptions which are consistent with the purpose of the information but are not necessarily the most probable in management's judgement (CICA Handbook).

2001-2002 Funding Request

Funding request

Our Office requests the Board of Internal Economy to recommend to the Legislative Assembly an appropriation for the operation of the Office of $5.1 million for 2001-2002 (see Appendix I for details). This amount will ensure our Office can carry out its statutory responsibilities under The Provincial Auditor Act.

Our request is a $402,000 (9%) increase over our 2001 appropriation. The increase is the result of more work we have to do in 2002 caused by the quality of the Government's systems and practices and new government agencies the Government created. Also, the increase reflects the impact of the amendments to *The Tabling of Documents Act, 1991*, increases to our employee benefits and co-hosting a national conference. These matters are explained below:

- Our concern with the quality of the Government's systems and practices to safeguard and control public money increases our costs in total by $294,000. The components of this increase are as follows. Our unforeseen work at the Saskatchewan Liquor and Gaming Authority relating to the expenses of the Saskatchewan Indian Gaming Authority cost an additional $126,000. Our request recovers $66,000 of these costs in 2002. As a result of our work at the Saskatchewan Liquor and Gaming Authority, we are required to audit directly the Saskatchewan Indian Gaming Authority. This direct work increases our costs $128,000. In addition, our experience at Workers' Compensation Board requires us to audit directly its benefits liabilities and compensation expenses. This direct work increases our costs $40,000.

- The Government created several new government agencies in 2001 that the law requires us to audit. This increases our costs $66,000. (see pages 48 and 49)

- Amendments to *The Tabling of Documents Act, 1991* requires government organizations to give their financial statements to the Assembly earlier. This requirement compresses our financial statement work into a shorter time period and increases our costs approximately $105,000.

- Salary pressures continued during the year. The economy continues to grow and there are more job opportunities for professional auditors and

auditors training to become professionals. As discussed in our 2001 Business and Financial Plan, the Government gave economic salary adjustments to its employees of 2% on July 1, 2000. We responded to these salary pressures and granted a 2% general increase to our employees on July 1, 2000. The increased costs for the 2% salary increase were partly included in our 2001 Business and Financial Plan. The remaining impact of the 2% general salary increase included in the 2002 request is $19,000.

This year we increased our benefits to respond to increases granted in the public sector. The Government gave its employees increased pension and dental benefits on July 1, 2000 totalling 1% of salaries. We responded to these benefits enhancements by increasing our pension and dental benefits by 1%. As a result, our employee benefit costs increase approximately $33,000.

- In September 2001, we will host the Canadian Conference of Legislative Auditors' national conference. This national conference is held in conjunction with the Canadian Council of Public Accounts Committees' national conference hosted by the Legislative Assembly Office. Co-hosting this conference increases our costs by $25,000.

The extra work, the impact of *The Tabling of Documents Act, 1991,* the increased employee benefit costs and the costs for co-hosting a national conference cause cost pressures totalling over $540,000. We plan to absorb approximately $140,000 of these cost pressures by doing our work differently. By doing so, our requested increase is consistent with our performance targets for our 2002 appropriation. One target was to absorb inflationary increases to our costs except for economic adjustments to salaries and benefits granted by the Government to public servants. The other target was to maintain net financial assets equal to one month of our salary cost so that we can respond effectively to the risks faced by our stakeholders.

Page 50 of our Plan includes information on our full-time equivalent positions. It shows that we plan to maintain our current work force. For the year ended March 31, 1998, we had 62 employees. For 2002, we are forecasting we will need 59 employees.

We continue to try to do more work with the same number or fewer employees by using better ways to carry out our work. For example, our Business and Financial Plans for the years 1999 to 2002 show increased costs to our Office caused by new agencies the Government created in each

of those years. Those Plans show we would require approximately four more employees than we had in 1998 just to audit the new agencies.

We explain the many other factors that impact our request for resources in this Business and Financial Plan.

Independent advice for assessing our funding request

When the Board considered our 1999 Business and Financial Plan in January 1998, the Board asked us to suggest ways the Board could obtain independent advice to help it assess our future requests for resources.

We sent a memorandum to the Board on May 12, 1998. The memorandum describes specific processes for the Board to obtain independent advice (see Appendix III). The memorandum sets out two sources for the independent advice.

1. We suggested the Standing Committee on Public Accounts should provide the Board with independent advice. The Committee's advice should be focused on our operating plan (i.e., goals, objectives and strategies) because the Committee works closely with our Office to achieve the Committee's objective of achieving maximum accountability of the Government to the Legislature. The Committee could advise the Board if we are delivering the products and services necessary to achieve the elected members' objectives. We suggested the Chair and Vice-Chair should attend when the Board meets to review our request for resources and speak for the Committee.

2. We suggested the auditor Cabinet hired to audit our Office should provide assurance to the Board that our request for resources (financial forecast) is reasonable to carry out our operating plan (i.e., our goals, objectives and strategies). This is the third year we have had our financial forecast audited. This year, we include our financial forecast on the expenditure and on the expense basis of accounting. Our Annual Report on Operations began using the expense basis of accounting for the year ended March 31, 2000. The auditor's report appears at page 37. The auditor reported that our financial forecast is consistent with and reasonable in relation to our operating plan.

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Introduction

Assessing our effectiveness

Members of the Legislative Assembly often ask how they can assess our effectiveness when they consider our annual business and financial plans. We think Members can do this in three ways.

- To be effective, we need to do work the Standing Committee on Public Accounts considers useful in carrying out its mandate. Members can obtain advice from the Committee to determine if the Committee considers our work useful in helping it carry out its mandate.

- Members can use our annual reports on operations to compare what we told the Assembly we planned to do with what we actually did.

- Members can ask our Office questions on what we plan to do and what we actually did. Such questions can be asked at any time, including the public meetings of the Board of Internal Economy, the Standing Committee on Estimates, and the Standing Committee on Public Accounts.

Also, we continue to present our business and financial plans directly to the Assembly so Members of the Legislative Assembly can review our plans before we appear at the Board of Internal Economy. This allows members the opportunity to advise the Board on the relevance of our planned work.

The Legislative Assembly received our *Annual Report on Operations For the Year Ended March 31, 2000* on June 23, 2000. The Report contains information to help Members assess our effectiveness. We report on our success in carrying out our 2000 Business and Financial Plan. We describe our performance in achieving our goals and objectives, and compare what we told the Assembly we planned to do in our 2000 Business and Financial Plan with what we actually did. Our performance measures, described on pages 56 to 59, include the quality and efficiency of our inputs, the quality of our outputs, and the intermediate outcomes of what we do.

Exhibit 1 may help Members understand and assess what we do and the impact of our work. The exhibit explains what we mean by the terms inputs, outputs, intermediate outcomes and, most importantly, expected final outcomes.

Who We Serve

Our role

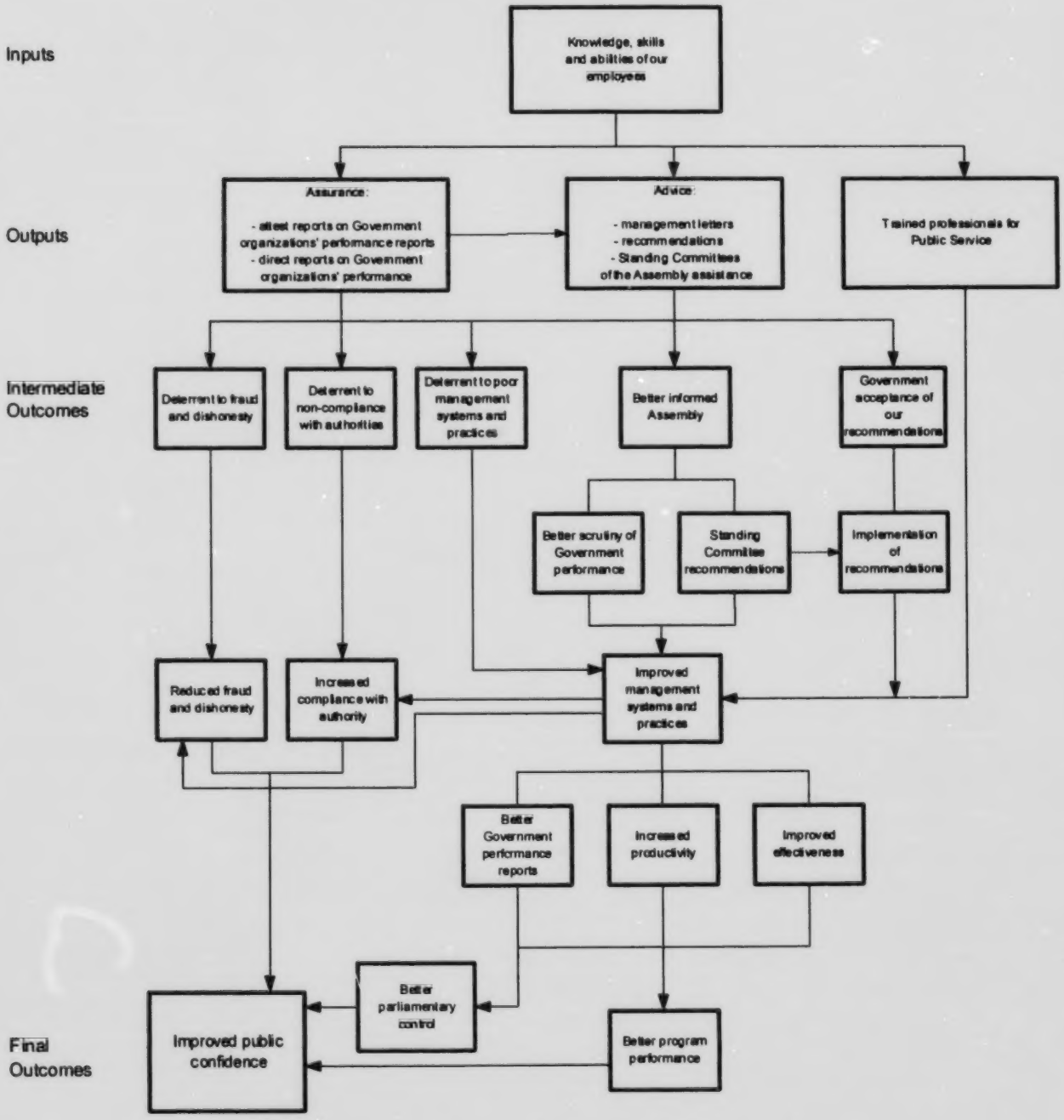
The Office of the Provincial Auditor helps the Legislative Assembly hold the Government accountable for how it manages public money. Our Office examines the Government's management of public resources and reports our findings to the Assembly.

Legal status

The Provincial Auditor Act creates an officer of the Legislative Assembly called the Provincial Auditor. The Act gives the Provincial Auditor the responsibility, authority, and independence to audit and publicly report on all government organizations.

What We Do and the Impact of Our Work

Exhibit 1



What We Do

Our Vision

We envision effective, open and accountable government.

Our mission

We serve the people of Saskatchewan through the Legislative Assembly. We are committed to fostering excellence in public sector management and accountability.

Our mission shapes what we do and how we respond to key economic, political, social, and technological forces affecting those we serve.

How we carry out our mission

To fulfill our mission, we examine and provide independent assurance on the Government's management of and accountability practices for the public resources entrusted to it. We:

- Advise the Legislative Assembly on:
  - the reliability of the Government's financial information;
  - the Government's compliance with legislative authorities; and
  - the adequacy of the Government's management of public resources.
- Encourage discussion and debate about public sector management and accountability issues.
- Assist the Standing Committees on Public Accounts and Crown Corporations.
- Develop professionals for public service.
- Support and adhere to the accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants.

Our reports

We report our conclusions, findings, and recommendations to the Government, its managers and to the Assembly.

At the end of each examination, we prepare a draft report of our conclusions, findings, and recommendations. We discuss the draft with senior officials of

the related organization and revise the draft when necessary. We issue a final report to the Minister responsible, to senior officials of the organization and, if applicable, to the chair of the board of directors. Also, we normally send a copy to the Chair and Secretary of Treasury Board and to the Provincial Comptroller.

In addition, we provide conclusions on the reliability of financial statements and other performance reports issued by government organizations. These conclusions are provided to the Assembly with the financial statements and other reports of government organizations.

Each year, we present reports directly to the Assembly. These reports contain the matters we think are significant to the Assembly and the public. We decide what matters to report in the context of the following questions.

- Does the matter affect the Assembly's ability to control the financial activities of the Government?
- Does the matter affect the Assembly's ability to hold the Government accountable for how it administers public money?
- Does the matter involve improving how the Government administers public money?
- Does the matter involve non-compliance with legislative authorities?

We assess these questions of what to report in the context of specific government sectors, programs and organizations and in the context of the whole Government.

When an organization's financial statements, compliance with authorities and rules and procedures to safeguard assets are satisfactory, we also report that information to the Government and to the Legislative Assembly.

Expected outcome of our work and reports

Exhibit 1 on page 11 shows the expected outcomes of our work.

For our parliamentary system of government to work properly, the system must enjoy public confidence. To merit this confidence, the Government's programs must be effective. And, the Government must be open and accountable to the public. Our work and reports directly affect public confidence in the Government. Our work and reports provide the public with

confidence that the Government's financial and other reports are reliable, that the Government uses adequate systems and practices to safeguard and control public finances and resources, and that the Government has complied with governing authorities.

One responsibility of the Legislative Assembly is to hold the Government accountable for the management of public resources. Our work and reports help the Assembly to carry out this responsibility.

Our work and reports call for appropriate public accountability for government operations and sound management systems and practices in government organizations. Our work and reports contribute to informed decision making in government and business-like systems and practices. In turn, this helps the Government carry out its responsibility to use sound management systems and practices.

Our abilities and knowledge

Our abilities and knowledge also affect what we do for the public, the Legislative Assembly, and the Government. We apply the following special knowledge, skills and experience to our work and reports:

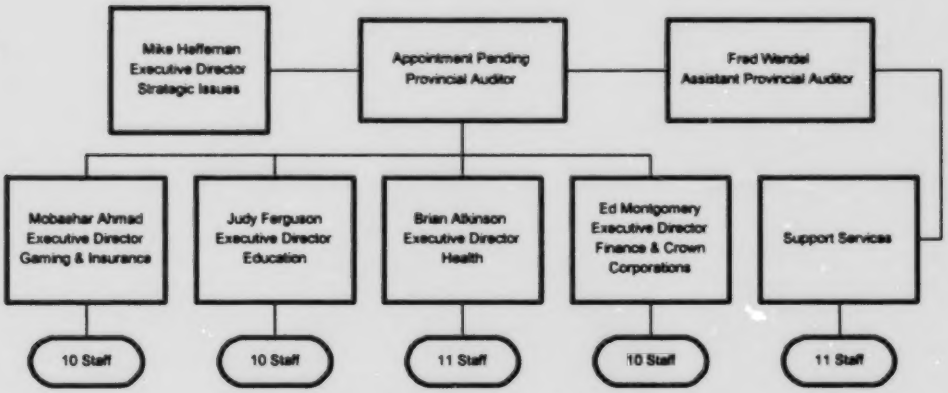
- objectivity, because of our full independence from the Executive Government;
- thorough knowledge of the:
  - complex structure and systems the Government uses to manage public resources;
  - structure of legislative authorities governing the activities of government organizations related to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing;
  - audit of information systems; and
  - accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants;
- working knowledge of the issues facing government organizations operating in many and diverse types of businesses including education, health, insurance, protection of people and property, pension and benefit plans, energy, telecommunications, gambling, transportation, renewable

resources, non-renewable resources, human resources, construction, and financial services; and

- a business view derived from rigorous professional training that we blend with our practical knowledge of public administration.

Our Organization

Our planned organization for 2001-2002 follows:



On April 19, 2000 Wayne Strelioff resigned as Provincial Auditor. Fred Wendel was appointed Acting Provincial Auditor until a new Provincial Auditor is appointed.

Our Finance and Crown Corporation Division's responsibilities include examining the Government's programs carried out through the Department of Finance and through the Crown Investments Corporation of Saskatchewan. Those programs are complex and affect almost all aspects of government.

Our Gaming and Insurance Division's responsibilities include examining the Government's gaming, insurance, and pension programs. The Government's insurance and pension programs are large. The Government's pension liabilities alone total nearly $7 billion. Pension and insurance liabilities require our staff to acquire special knowledge on accounting practices for casualty insurance and pension plans. We also must understand the methods used by actuaries to determine liabilities for insurance claims and pensions.

Our Health Division's responsibilities include examining the Government's health and social services programs. Total public spending on health for the year ended March 31, 2000 was $2.15 billion. During 2002, nearly one half of the Division's work will continue to focus on examining the thirty-two district

health boards created by the Government. We will also complete the second phase of an in-depth review of how the Department manages the risks to the health system infrastructure. In addition, we plan to work with the Department of Health so that it should be able to report publicly on the performance of our health care system as agreed by all First Ministers in Canada.

Our Education Division's responsibilities include examining the Government's education, post-secondary education and skills training, and infrastructure programs. The kindergarten to grade 12 education system and the post-secondary education system (e.g., universities, SIAST, and regional colleges) spend over $1.9 billion annually. We will also examine the risks to infrastructure that impact many government organizations.

Our Support Services Division's responsibilities include administration, research, methodology, training, secretarial, clerical and information technology. The Division is also responsible for our government-wide information technology audits.

During 2002, our Office expects to employ 59 people. At October 31, 2000, 29 of our employees are professional accountants. Eighteen are training to become professional accountants.

We have the services of a health professional, a lawyer, and a librarian. The skills, experience and perspectives of these professionals continue to be particularly valuable as we continue to examine broader and more in-depth issues.

Our employees are our most valuable resource because "what we do" depends on their knowledge and skills. Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to our success.

What We Plan To Do

Our goals and objectives

We have three goals. These are:

- foster well-managed government;
- encourage good reporting by government; and
- manage our business effectively.

Appendix I on pages 56 to 59 sets out our goals, objectives and strategies for the years ending March 31, 2001 to 2003. The Appendix also sets out the performance indicators we use to measure our success in achieving our goals and objectives and our performance targets for those indicators.

During 2000, our Office renewed its strategic plan. As a result, the information contained in Appendix 1 is different than the information presented in our 2001 Business and Financial Plan. The goals are unchanged but the objectives, strategies and performance indicators represent our current thinking.

Our values

Our values also affect what our Office can accomplish. We believe in:

Accountability - actively taking responsibility for and explaining our actions
Credibility - earning and keeping the respect and confidence of our stakeholders
Equity - being fair to others
Professionalism - being objective, independent and courteous, and acting with integrity
Effectiveness - achieving planned goals and objectives
Leadership - setting a good example and accomplishing positive results
Innovation - seeking better ways to achieve results
Teamwork - working together to achieve results
Balance - respecting work, home and community responsibilities

Factors affecting our work plan

Our detailed work plan for 2002 is set out at pages 43 to 47. The work plan reflects our goals, values and the following additional key factors.

Our work plan for 2002 ensures we fulfill our legislative responsibilities under *The Provincial Auditor Act*. The Act sets out the organizations we must examine.

Our 2002 work plan reflects known information at October 31, 2000 about:

- the 2001 level of government revenue and spending;
- the number of government organizations in 2001;

- the quality of the Government's records, systems and practices;
- the Government's use of appointed auditors;
- professional standards;
- the co-operation we expect to receive from government officials and appointed auditors when we do our work; and
- public expectations.

Forces and trends affecting our work plan

Forces and trends also affect our work plans. Four major forces affect our stakeholders (i.e., legislators, the public, and government officials) and thus, shape our work.

Globalization - creating an internationally competitive, integrated and interdependent world.

Advancing technology - making possible new ways of communicating and doing things, often at less cost and in a more timely manner.

Changing demographics - a growing aboriginal population and an aging population.

Pressure on the environment - leading to increased awareness and concern about sustainable development.

These forces and trends have increased the public's expectations. For example, current technology gives the public more accessible information and knowledge about services and taxes in other jurisdictions. Changes in demographics will result in increased demands for services (e.g., health care). The Government's ability to manage scarce public resources and meet the public's increased expectations, impacts public attitude.

In Saskatchewan, these forces and trends are straining public resources and are causing legislators, government officials and the public to re-examine the role of the Government, how it organizes and delivers programs and services, and how it ensures adequate participation in decision making.

Our focus

We plan to focus our efforts on helping legislators, government officials and the public assess and address the challenges emerging from these forces and trends. In particular, we will encourage the Government to:

- report on how it manages the risks related to globalization, advancing technology, changing demographics and pressure on the environment;
- report on how it manages the risks related to the public's valuable infrastructure;
- strengthen its management of and accountability for intergovernmental programs;
- implement a sound government-wide accountability framework that embraces performance and risk management;
- improve the quality of information provided to legislators on the plans and performance of the whole Government and on each of its organizations including Crown corporations; and
- support a strong professional development program with a focus on performance and risk management.

Risk Management

Our Key Risks

Sound risk management is essential to ensure we help the Legislative Assembly hold the Government accountable for its management of public resources. To manage risk, we must identify, assess, and reduce possible adverse consequences the Office may experience from events or circumstances.

We routinely identify and assess our risks. We have established controls to reduce the likelihood that our risks will have an adverse consequence on our ability to carry out our responsibilities under *The Provincial Auditor Act*. However, we accept some risk because it is not cost effective to fully eliminate risks. The following are our key risks:

Our stakeholders do not support our goals and objectives. For the Office to remain viable, legislators, the public and government officials should

support our goals and objectives. Pursuing our goals and objectives must result in relevant assurance and advice for legislators, the public and government officials. As discussed more fully in the risks that follow, we have established controls to ensure we set goals and objectives that will result in relevant assurance and advice for our stakeholders.

We do not adequately understand or respond to the challenges and risks faced by our stakeholders. We must understand the challenges and risks faced by the Government to ensure our assurance and advice is reliable. The way the Government manages its risks impacts on the nature and extent of work we must do to report with confidence to the Assembly.

We must also understand the challenges and risks faced by legislators and the public to ensure our assurance and advice is relevant. To be relevant, our assurance and advice should result in better parliamentary control and better program performance. On pages 56 to 59, we set out our goals, objectives, and strategies to ensure we understand the challenges and risks faced by the Government, legislators and the public.

The Standing Committee on Public Accounts is unable to fulfil its responsibilities. The Committee is the audit committee for the Legislative Assembly. The Committee is a key agent of change for improving the Government's management of public resources. The Public Accounts Committee's mandate is to help the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and for its stewardship over public assets. The Committee reviews, examines and evaluates the financial and administrative activities of government departments and Crown agencies. The Committee works with the Provincial Auditor to effectively carry out the Committee's mandate.

Our Office must provide independent, relevant and reliable information that is consistent with the Committee's objectives. The Provincial Auditor works closely with the Committee. Also, the Office provides the Assembly with an annual business and financial plan and an annual report on operations. In addition, Members ask our Office questions about what we do and why.

Our February 2000 *Special Report by the Provincial Auditor to the Legislative Assembly of Saskatchewan regarding Changes to The Provincial Auditor Act* recommends that we can further reduce our risk by having the Committee periodically review the Assembly's objective for the Provincial Auditor. We recommend the Act should require our Office to give the Assembly an annual business and financial plan and an annual report on operations. And, we

recommend the Committee review these reports and provide its advice to our Office.

We lose or are perceived to lose our independence. *The Provincial Auditor Act* makes our Office responsible to examine all public money managed by the Government (e.g., departments, boards, corporations) and the Legislative Assembly (e.g., Board of Internal Economy).

The Act makes our Office independent of appointed and elected officials so we can ensure the proper administration of the Act without fear of reprisal.

The Act decides which organizations the Office must examine. The Office decides what work needs to be done and how the work is carried out for the proper administration of the Act.

We carefully guard our independence and report to the Assembly when we are concerned about our independence.

We provide inappropriate or incorrect assurance and advice. Stakeholders must trust and value our assurance and advice. Gaining and keeping their trust and value in our work and reports is essential for the viability of the Office. On pages 56 to 59, we set out our goals, objectives, and strategies to ensure our assurance and advice are reliable.

Also, in the next section (why systems and practices are important), we describe our quality control systems and practices to ensure our assurance and advice is reliable. We think those systems and practices keep the risk our systems and practices may fail to a minimum. However, we recognize systems and practices sometimes fail because of factors such as procedural failures and human error.

We do not have the required competencies and resources. The quality of our assurance and advice is dependent on the knowledge, skills, and abilities of our employees. We have training programs to ensure our employees have the special knowledge, skills, and abilities we discuss on pages 14 and 15.

To discharge our statutory responsibilities, we need sufficient resources to have the required competent work force and to equip, support, and house that work force. We need the support of legislators to obtain required resources. To obtain this support, we have established controls to ensure our assurance and advice is relevant to legislators and is reliable. Also, we make public a comprehensive business and financial plan annually to build legislators' support for our request for resources. When we do not have

sufficient resources to pay for the cost of our work force, we reduce the number of our employees. When this happens, we do not do all the work the law requires us to do and we advise our stakeholders.

We do not manage our resources effectively. Our management practices must ensure we use our resources effectively. We have established systems and practices to keep this risk at a minimum. These systems and practices include such things as setting direction, setting performance targets, monitoring our values, training staff, segregating duties, maintaining procedural manuals, delegating authority, processing transactions, reporting and monitoring results.

Why systems and practices are important

Systems and practices ensure we have appropriate controls to manage the risks that might prevent our office from achieving our goals and to ensure sound financial management. The following briefly describes those systems and practices.

Systems and practices for achieving Goals 1 and 2

For the risks associated with Goal 1 (foster well-managed government) and Goal 2 (encourage good reporting by government), set out on pages 56 to 57, we need rules and procedures to:

- ensure the quality of our work;
- identify and report opportunities for improving government organizations' performance reports and their management systems and practices; and
- ensure our work covers all government organizations.

The following rules and procedures ensure the quality of our assurance and advice.

- We use standard methods for carrying out our work and continually change the methods to reflect best practice. The methods cover how we plan, execute, supervise and report our work. We monitor all work to ensure it meets our standard methods.
- We have hiring and training policies and procedures to help ensure staff have the knowledge, skills and abilities necessary to do their work. These

policies also ensure we broaden staff skills including health, education, social services, and general management.

- We routinely make inquiries of our staff to ensure they comply with our objectivity standards.

- We have rules and procedures for working with other auditors who audit some government organizations.

The following rules and procedures ensure we encourage the Government to improve its performance information and its management systems and practices.

- Our personnel policies and procedures ensure employees know our goals and objectives. Each employee's annual work plan shows how the employee will contribute to achieving our goals and objectives. These work plans are continually monitored.

- We have established standards that require us to report to government organizations in writing our conclusions, findings, and recommendations after each examination. Those standards also require us to meet with management to discuss the findings and conclusions, and gain support for our recommendations.

The following rules and procedures ensure our work covers all government organizations.

- Government organizations are created or wound up by the Legislative Assembly, Cabinet and existing government organizations. We monitor the actions of these parties and continually change our list of government organizations.

- We prepare an annual work plan for the Office that covers all government organizations. We estimate the costs of carrying out the plan and ask the Assembly for the money to carry out the plan.

Systems and practices for achieving Goal 3

For Goal 3 (i.e., manage our business effectively), set out on page 58, we need rules and procedures for carrying out our work effectively.

The following rules and procedures help us improve our performance:

- We make our annual business and financial plan public and monitor our performance.
- We have established systems and practices to ensure sound financial management of our assets.
- For Goals 1 and 2, we established rules and procedures to ensure the quality of the assurances and advice we provide to legislators and the public. These rules and procedures include systems to ensure best practices. We continually compare the way we do our work with private-sector auditors and other legislative auditors.
- We forecast the cost of each audit and monitor the actual cost of each audit. We compare planned to actual costs and explain and act on variances. We also routinely compare our costs to audit government organizations with private sector auditors' costs to audit government organizations.
- We plan the use of our employees' time and monitor our employees' actual use of time. We compare planned to actual results and explain and act on differences.
- To ensure the continued relevance of our work, we monitor legislators' and the Government's acceptance of our recommendations. We also monitor legislators', Legislative Committees' and the media's use of our reports.
- We continuously seek advice from stakeholders when we work with appointed auditors.
- We seek information to monitor government organizations' satisfaction with our work.
- We monitor our employees' views of our working environment.

How We Measure Our Performance

Our key outputs and outcomes

We have three basic outputs (products). (See Exhibit 1, page 11.) These are assurance (audit reports), advice (recommendations), and trained

professionals for public service. Generally, our advice is a by-product of our assurance work. We deliver our products several ways.

We provide assurance and advice to government officials. We provide assurance by way of reports on financial statements, compliance with authorities, and the adequacy of management systems and practices. We provide advice and assurance by way of letters to management setting out our conclusions, findings, and recommendations for improvement.

We also provide assurance and advice to the Legislative Assembly and the public in our Spring and Fall reports to the Assembly. These two reports summarize our work at government organizations. The reports provide assurance and advice on the whole Government, sectors of the Government and on each government organization's financial statements, the organization's compliance with authorities and the adequacy of the organization's management systems and practices.

As shown in Exhibit 1 (page 11), our assurances and advice result in two final outcomes. These outcomes are improved public confidence in government and improved performance in the delivery of government programs. We think the Government can gain improved public confidence by improving its performance reports (i.e., business and financial plans and annual reports). We also think the Government can improve the delivery of its programs by acting on our recommendations.

Our trained professionals often leave our Office to work in government organizations. They contribute to improved management systems and practices in government organizations. During the year ended March 31, 2000, two of the three employees who left the Office went to work in government organizations.

Our major input cost to produce our products is salaries and benefits. Salaries and benefits account for nearly 80% of our spending. We carefully monitor the use of staff time. Page 51 shows the actual and planned use of employee time for five years.

Measuring our performance

On pages 56 to 59, we also set out our indicators of success. They include the key performance indicators for our goals and objectives and our performance targets for those indicators.

Our 2000 Annual Report on Operations sets out our success in achieving the performance targets set out in our 2000 Business and Financial Plan.

Our Financial Plan

Historical comparison of the costs of our work plans

As stated earlier, the cost of our work plan is directly affected by several factors including the state of the Government's management systems and practices, the number of government organizations, and the use of appointed auditors. Our financial and work plans reflect what we know about these factors at October 31, 2000.

The Government's use of appointed auditors affects our costs and the way we carry out our responsibilities. The use of appointed auditors reduces our costs, but increases the total cost of auditing to taxpayers. We have stated for several years that it costs more to audit when there are two auditors.

When the Government chooses to appoint a second auditor, we plan to carry out our responsibilities following the recommendations of the *Task Force on Roles, Responsibilities, and Duties of Auditors*. Following these recommendations will ensure we serve the Assembly efficiently.

The decision to use appointed auditors is the Government's. The Government has stated it uses appointed auditors so the Saskatchewan industry of private sector public accounting can develop and retain local expertise. The Government also tries to ensure a reasonable allocation of work among the firms. The Government is accountable for the costs of using appointed auditors and, therefore, our financial plan does not reflect the money to pay appointed auditors. However, as stated earlier, our detailed work plans do reflect known use of appointed auditors since our costs and the way we carry out our responsibilities are affected.

Our detailed work plan is described on pages 43 to 47. This schedule sets out our costs to audit and report on government organizations for their years ended in the period July 1, 2000 to June 30, 2001. We also include detailed planned and actual costs for each of the three previous fiscal years. At October 31, 2000, the Government manages 256 departments, Crown agencies and funds.

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Table 1 is a summary of costs to carry out our detailed work plans. The Table shows a five-year summary comparison of costs to discharge our responsibilities under *The Provincial Auditor Act*.

Table 1

(in $ millions)

Work Plan Costs Showing Our Costs to Audit Each Government Organization for Their Years Ended in the Period July 1 to June 30				
1998 Actual	**1999 Actual**	**2000 Planned**	**2001 Planned**	**2002 Planned**
$4.462	$4.416	$4.798	$5.136	$5.074
	(Details on pages 43 to 47)			(Details to be determined in 2001)

The cost to carry out our work plan shows differences between years.

The $338,000 increase in our costs for 2001, as compared to 2000, results from more work we have to do because of the quality of the Government's processes to safeguard and control public money and the new organizations we must audit. It also results from legislative amendments requiring us to compress our financial statement work into a shorter time period, co-hosting a national conference and the cost of salary and benefit enhancements that the Government gave to public servants.

The quality of the Government's processes to safeguard and control public money increases our costs at two organizations. The total cost increase is $168,000.

As a result of our work at the Saskatchewan Liquor and Gaming Authority, we are required to audit directly the Saskatchewan Indian Gaming Authority. This direct work increases our costs $128,000. In addition, our experience at Workers' Compensation Board requires us to audit directly its benefits liabilities and compensation expenses. This direct work increases our costs $40,000.

The Government created several new government organizations. Page 48 lists new Government organizations created during 2001 that will cost us $73,800 to audit in 2001. Page 49 lists government organizations wound-up during 2001 that will reduce our audit costs in 2001 by $7,700.

Amendments to *The Tabling of Documents Act, 1991* requires government organizations to give their financial statements to the Legislative Assembly

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Amendments to *The Tabling of Documents Act, 1991* requires government organizations to give their financial statements to the Legislative Assembly

earlier. This requirement compresses our financial statement work into a shorter time period and increases our costs approximately $105,000.

Improving economic conditions make the job market competitive for auditing professionals. This year we increased our benefits to respond to increases granted in the public sector. On July 1, 2000, the Government gave its employees increased pension and dental benefits totalling 1% of salaries. We responded to these benefits enhancements by increasing our pension and dental benefits by 1%. As a result, our employee benefit costs increase approximately, $33,000. As discussed in our 2001 Business and Financial Plan, the Government gave economic salary adjustments to its employees of 2% on July 1, 2000. We responded to these salary pressures and granted a 2% general increase to our employees on July 1, 2000. The increased costs for the 2% salary increase were partly included in our 2001 Business and Financial Plan. The remaining impact of the 2% general salary increase included in the 2002 request is $19,000.

In September 2001, we will co-host the Canadian Conference of Legislative Auditor's national conference. This national conference is held in conjunction with the Canadian Council of Public Accounts Committees' national conference hosted by the Legislative Assembly Office. Co-hosting this conference increases our costs by $25,000.

On pages 43 to 47 we compare our detailed work plans for the years 1998 to 2001. We explain differences between years on these pages.

More detailed explanations are contained in our annual reports on operations. For example, our 2000 Annual Report on Operations compares the planned costs to audit government organizations set out in our 2000 Business and Financial Plan to our actual costs for auditing those organizations. In that Report, we explain major differences between planned and actual costs.

The 2002 work plan projection in Table 1 reflects our performance target for 2002. We plan to absorb inflationary increases except for general salary and benefit increases the Government gives to public servants. This cost projection also assumes the number of government organizations, the quality of their management systems and practices, the use of appointed auditors, and total Government revenues and expenses will remain fairly constant. The $62,000 cost reduction recognizes a decrease in costs of $25,000 to co-host the national conference in 2001. It also recognizes a decrease of $37,000 for agent and advisory services. We anticipate less contracting will be necessary to meet the required deadlines for 2002.

How we plan to finance our work plan

For the five years ended March 31, 2001, the Board of Internal Economy recommended an appropriation that was sufficient for our Office to carry out our work plan.

From 1987 to 1995, our appropriation was not sufficient to carry out our work plan. This resulted in no reports, or late reports, to the Members of the Legislative Assembly on certain Government organizations.

For the 1993, 1994, and 1995 years, we decided to make our reports more timely. When we did this, we could not carry out our work plan to audit every organization every year. In past business and financial plans, we listed the organizations we did not audit during the three years.

Table 2 shows a five-year summary of how we financed our spending. We financed our spending from our appropriation and from other sources. The table shows two years of actual figures, one year of estimated figures, one year of forecast figures, and one year of projected figures.

Other sources include salary recoveries for seconded employees. Seconded employees refers to arrangements where our employees work for others under their direction. Also, other sources include interest income, fees we charge for ancillary accounting work we do for government agencies, and net financial assets.

We base our forecast spending for 2002 on our planned costs to audit government organizations with years ending in the period July 1, 2000 to June 30, 2001 as set out on pages 43 to 47.

Table 2

(in $ millions)

Five Year Summary of Our Spending Trends and How We Financed Our Spending For the Years Ended March 31

	1999 Actual	2000 Actual	2001 Estimate	2002 Forecast	2003 Projection
Spending (from page 39)	$4.580	$4.458	$4.837	$5.136	$5.074
How we financed our spending					
Appropriation	$4.314	$4.442	$4.698	$5.100	$4.972
Other sources (interest, fees)	$0.109	$0.144	$0.110	$0.102	$0.102
Change in net financial assets	$(0.157)	$0.128	$(0.029)	$0.066	$0.000

How we plan to finance our work plan

For the five years ended March 31, 2001, the Board of Internal Economy recommended an appropriation that was sufficient for our Office to carry out our work plan.

From 1987 to 1995, our appropriation was not sufficient to carry out our work plan. This resulted in no reports, or late reports, to the Members of the Legislative Assembly on certain Government organizations.

For the 1993, 1994, and 1995 years, we decided to make our reports more timely. When we did this, we could not carry out our work plan to audit every organization every year. In past business and financial plans, we listed the organizations we did not audit during the three years.

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Other sources (interest, fees)	$0.109	$0.144	$0.110	$0.102	$0.102
Change in net financial assets	$(0.157)	$0.128	$(0.029)	$0.066	$0.000

The information in Table 2 comes from our five year Statement of Revenues and Expenditures on page 39. Table 2 shows details of our revenue and expenditures for each year and our net financial assets.

Table 2 shows we forecast to spend $299,000 more in 2002 than we estimate we will spend in 2001.

We explained earlier the salary pressures we face. Responding to these salary pressures increased our costs approximately $147,000 and employee benefit costs by about $39,000. $59,000 of this increase relates to employing one additional person. This change brings us to our forecast for 2002 of 59 employees. In addition, to help meet the timelier tabling requirements for our financial statement audits, our agent and advisory services costs increased about $84,000.

Our target is to maintain net financial assets equal to approximately one month's salary expenses. We maintain net financial assets so we can respond to pressure to improve the timeliness of our work, plan for ongoing expenses effectively, and finance short-term revenue shortfalls caused by responding to unplanned work such as the extra work we did at the universities in 1998, SaskPower in 1997 and 1998, and Saskatchewan Liquor and Gaming Authority and Workers' Compensation Board in 2000. We incurred extra costs of approximately $200,000 in 1998 because of unplanned work at the universities. We incurred costs in 1997 and 1998 for unplanned work at SaskPower of approximately $30,000 each year. Page 46 discusses the extra work Saskatchewan Liquor and Gaming Authority and Workers' Compensation Board for 2000 of approximately $168,000.

We also maintain net financial assets to respond to unplanned benefits and salary increases. For example, market conditions may cause us to increase salaries beyond what we planned. Also, we may have to increase our salaries and benefits if the Government decides to provide economic adjustments to the salaries of its employees and new employee benefits that are not included in our plan.

At March 31, 2000, we had cash and investments of $544,000 and owed suppliers and staff $260,000. The rest of our cash and investments is part of our net financial assets. We estimate we will have net financial assets of $264,000 at March 31, 2001. Our 2002 funding request forecasts our net financial assets increasing to $330,000 by March 31, 2002. This amount is consistent with our target of maintaining net financial assets equal to approximately one month's salary expenses. For 2002, we again plan to use

salary recoveries for seconded employees, fees for ancillary services, and the interest from our cash and investments to finance our spending plan.

Impact of Alternative Funding Levels

What happens if we do not obtain sufficient revenue to finance our work plan

If we do not obtain sufficient revenue from the Board of Internal Economy or the Government, we will have to reduce our staff. We will then not be able to carry out our work plan.

If we are unable to obtain sufficient revenue, we will change our work plan and not audit Government organizations in the following sequence:

- revolving and other special purpose funds;
- agricultural marketing boards and commissions; and
- certain CIC related Crown corporations.

When we do not examine Government organizations, the Assembly does not receive our assurances on the Government's financial reports, its compliance with governing authorities and the adequacy of its management of public resources.

If necessary, we will report to the Legislative Assembly which Government organizations we were unable to audit. When this is necessary, we are concerned with the impact this message has on public confidence in our system of Government.

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Appendix I – Detailed Information Supporting Our Business and Financial Plan

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AUDITOR'S REPORT ON FINANCIAL FORECAST

To the Board of Internal Economy:

The accompanying financial forecast of the Office of the Provincial Auditor consisting of A Statement of Revenues and Expenditures for the year ending 31 March 2002 has been prepared by management using assumptions with an effective date of 31 October 2000. At the request of the Provincial Auditor Saskatchewan, we have examined the support provided by management for the assumptions, and the preparation and presentation of this forecast. Our examination was made in accordance with the applicable auditing guideline issued by The Canadian Institute of Chartered Accountants. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of the Office, and provide a reasonable basis for the forecast;
- this forecast reflects such assumptions; and
- the financial forecast complies with the presentation and disclosure standards for forecasts established by The Canadian Institute of Chartered Accountants.

Since this forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variances may be material. Accordingly, we express no opinion as to whether this forecast will be achieved.

Hill McKillop
Ann & Company
CHARTERED ACCOUNTANTS

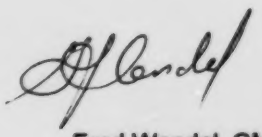
November 13, 2000
Regina

Management's Responsibility for the Financial Forecast

The accompanying financial forecast consisting of a statement of revenues and expenditures included in the Business and Financial Plan for the Office of the Provincial Auditor for the year ending March 31, 2002, is the responsibility of management of the Office. Management has prepared the financial forecast in accordance with generally accepted accounting principles in Canada. The financial information presented elsewhere in this Business and Financial Plan is consistent with that in the financial forecast.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including written policies and procedures and an organizational structure that segregates duties. These measures provide reasonable assurance that the most probable set of economic conditions are reflected in the assumptions the Office developed to prepare the financial forecast. These measures also provide reasonable assurance that the assumptions are suitably supported and consistent with the goals and plans developed by the Office, and provide a reasonable basis for the forecast.

The financial forecast was audited by the firm of Hill McKillop Orr & Company, Chartered Accountants. Their report to the Board of Internal Economy, stating the scope of their examination and opinion on the financial forecast appears on page 37.



November 13, 2000
Regina, Saskatchewan

Fred Wendel, CMA, CA
Acting Provincial Auditor

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Statement of Revenues and Expenditures
For the Years Ended March 31

	1999 Actual	2000 Actual	2001 Estimate	2002 Forecast	2003 Projection
	($ Millions)	($ Millions)	($ Millions)	($ Millions)	($ Millions)
REVENUE:					
General Revenue Fund - Appropriation	$ 4.314	$ 4.442	$ 4.698	**$ 5.100**	$ 4.972
Other	0.109	$ 0.144	0.110	**0.102**	0.102
Total Revenue	4.423	4.586	4.808	**5.202**	5.074
EXPENDITURE:					
Salaries (see page 50)	3.195	$ 3.101	3.333	**3.480**	3.480
Person years					
1999 Actual - 61					
2000 Actual - 59					
2001 Estimate - 58					
2002 Forecast - 59					
2003 Projection - 59					
Administration (Note 5)	0.481	$ 0.486	0.544	**0.556**	0.549
Employee benefits	0.391	$ 0.417	0.436	**0.475**	0.475
Rent of space and equipment	0.266	$ 0.265	0.270	**0.277**	0.277
Agent and advisory services	0.099	$ 0.073	0.115	**0.199**	0.144
Training and development (Note 6)	0.148	$ 0.116	0.139	**0.149**	0.149
Total expenditure (Note 7)	4.580	4.458	4.837	5.136	5.074
Excess (deficiency) of revenue over expenditure	(0.157)	0.128	(0.029)	**0.066**	-
Net financial assets, beginning of year	0.322	0.165	0.293	**0.264**	0.330
Net financial assets, end of year	$ 0.165	$ 0.293	$ 0.264	**$ 0.330**	$ 0.330

(see accompanying notes on pages 40 and 41)

Statement of Revenues and Expenditures
For the Years Ended March 31

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Net financial assets, end of year	$ 0.165	$ 0.293	$ 0.264	**$ 0.330**	$ 0.330

(see accompanying notes on pages 40 and 41)

Notes to the Statement of Revenues and Expenditures For the Year Ended March 31, 2002

1. General Information

The financial information presented covers five years. The information for 1999 and 2000 comes from the Office's audited financial statements included in the Office's Annual Reports on Operations for those years. Hill McKillop Orr & Company, Chartered Accountants audited the Office's 1999 and 2000 financial statements. The information for the 2001 estimate and the 2003 projection is not audited.

2. Summary of Accounting Policies

The accounting principles recommended by The Canadian Institute of Chartered Accountants for governments were used in the preparation of this financial information. The following accounting principles are considered to be significant:

(a) Accrual Basis

The financial information is prepared on the accrual basis of accounting.

(b) Revenue

The appropriation from the General Revenue Fund is recorded when receivable.

Fee revenue is recognized on the basis of the percentage of work completed for those government organizations that have signed contracts to pay fees or have otherwise agreed to pay the fees.

(c) Physical Assets

Physical assets are charged to expenditure when purchased rather than when consumed.

3. Financial Information is a Forecast

The financial information presented for 2002 is a forecast, and accordingly actual results will vary and the variations may be material. The Office will report actual results compared to planned results for 2001 and 2002 in the Office's 2001 and 2002 Annual Reports on Operations. The Office provides its Annual Report on Operations to the Legislative Assembly.

4. Assumptions

The financial information for the year ended March 31, 2002 was prepared using the assumptions presented in these notes to the financial information. The assumptions reflect the Office's planned course of action for this period as set out on pages 56 to 59. The assumptions are based on management's judgement of the most probable set of economic conditions for this period based on known information at October 31, 2000. The significant assumptions are:

- *Revenue appropriation* is the amount of money the Office needs from the General Revenue Fund to finance operations. Revenue other includes planned earnings from one seconded employee, investment income and fees charged to other agencies for ancillary services.

- *Salaries* are based on 59 full time equivalents at an average salary cost of $58,980 (see page 50).

- Average salary cost is determined using best estimates of expected pay for current and new employees based on past trends and expected economic conditions. The average increase to salaries includes the 2% July 1, 2000 economic adjustment the Government provided to other public sector workers. Average salary cost also reflects the effect on our salary costs of four professional accountants leaving the Office and hiring five new staff during the forecast period.

- The 59 person years reflects the number of persons necessary to obtain 62,000 audit hours to audit the organizations set out on pages 44 to 45. The 62,000 audit hours takes into account known information at October 31, 2000 about; the state of the government's systems and practices, the number of government organizations, and the Government's use of appointed auditors. The number of persons necessary to achieve 62,000 audit hours is based on the planned use of employee time set out on pages 51 to 52.

- *Employee benefits* include the costs of the following benefits, Canada pension plan, employment insurance, workers' compensation, public employees pension plan, public employees dental plan, public employees disability income plan, public employees group life plan and an extended health plan equivalent to the plan provided to out of scope employees in the public service. The costs reflect current rates charged for these benefits.

- *Administration* reflects management's best estimates based on past trends and current economic conditions for costs such as; travel to audits, computer hardware and software purchases and maintenance, professional fees and dues, telephone, printing, and office supplies. In 2002, we are co-hosting a national conference increasing our out-of-pocket costs by $7,000. In 2002, our audit travel costs increase by $20,000 primarily due to the addition of the audit of the Saskatchewan Indian and Gaming Authority.

- *Rent of space and office equipment* is nearly all for office space and is based on a lease that ends March 31, 2002.

- *Agent and advisory services* represents management's best estimates for legal costs, the cost of auditing the Office, and other contractual services. In 2002, due to the need to continue to advance deadlines resulting from amendments to *The Tabling of Documents Act, 1991,* we are planning to contract additional resources.

- *Training and development* costs are the Office's out-of-pocket costs to train staff; to become professional accountants, to keep the knowledge and skills of current professional accountants up to date, and to gain knowledge in specialized areas. The costs are based on past trends and Office policies. (See pages 53 to 54.)

5. Administration

In 2000, due to established priorities, we decided not to pay one of our professional memberships totalling $15,000. We plan to renew this membership for future years.

6. Training and Development

In 2000, due to established priorities, we did not carry out part of our annual management training program. We plan to carry out this program in future years.

7. Total expenditure

Our actual spending for the seven months ended October 31, 2000 was $2.750 million.

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Statement of Revenue and Expenses
For the Years Ended March 31

	1999 Actual	2000 Actual	2001 Estimate	2002 Forecast	2003 Projection
	($ Millions)	($ Millions)	($ Millions)	($ Millions)	($ Millions)
REVENUE:					
General Revenue Fund - Appropriation	$ 4.314	$ 4.442	$ 4.698	**$ 5.100**	$ 4.972
Other	0.110	$ 0.144	0.110	**0.102**	0.102
Total Revenue	4.424	4.586	4.808	**5.202**	5.074
EXPENSES:					
Salaries	3.195	$ 3.101	3.333	**3.480**	3.480
Administration	0.487	$ 0.494	0.553	**0.575**	0.555
Employee benefits	0.391	$ 0.417	0.436	**0.475**	0.475
Rent of space and equipment	0.266	$ 0.265	0.270	**0.277**	0.277
Agent and advisory services	0.099	$ 0.073	0.115	**0.199**	0.144
Training and development	0.149	$ 0.116	0.139	**0.149**	0.149
Total expense	4.587	4.466	4.846	**5.155**	5.080
Excess (deficiency) of revenue over expense	(0.163)	0.120	(0.038)	**0.047**	(0.006)
Net change in tangible captial assets	0.006	0.008	0.009	**0.019**	0.006
Surplus (deficit) for the year	(0.157)	0.128	(0.029)	**0.066**	0.000
Net financial assets, beginning of year	0.322	0.165	0.293	**0.264**	0.330
Net financial assets, end of year	$ 0.165	$ 0.293	$ 0.264	**$ 0.330**	$ 0.330

This statement is included for informational purposes. This schedule reflects the expense basis of accounting. We include this statement because our actual results in our Annual Report on Operations are reported on the expense basis of accounting.

Statement of Revenue and Expenses
For the Years Ended March 31

	1999 Actual	2000 Actual	2001 Estimate	2002 Forecast	2003 Projection
	($ Millions)	($ Millions)	($ Millions)	**($ Millions)**	($ Millions)
REVENUE:					
General Revenue Fund - Appropriation	$ 4.314	$ 4.442	$ 4.698	**$ 5.100**	$ 4.972
Other	0.110	$ 0.144	0.110	**0.102**	0.102
Total Revenue	4.424	4.586	4.808	5.202	5.074
EXPENSES:					
Salaries	3.195	$ 3.101	3.333	**3.480**	3.480
Administration	0.487	$ 0.494	0.553	**0.575**	0.555
Employee benefits	0.391	$ 0.417	0.436	**0.475**	0.475
Rent of space and equipment	0.266	$ 0.265	0.270	**0.277**	0.277
Agent and advisory services	0.099	$ 0.073	0.115	**0.199**	0.144
Training and development	0.149	$ 0.116	0.139	**0.149**	0.149
Total expense	4.587	4.466	4.846	5.155	5.080
Excess (deficiency) of revenue over expense	(0.163)	0.120	(0.038)	**0.047**	(0.006)
Net change in tangible captial assets	0.006	0.008	0.009	**0.019**	0.006
Surplus (deficit) for the year	(0.157)	0.128	(0.029)	**0.066**	0.000
Net financial assets, beginning of year	0.322	0.165	0.293	**0.264**	0.330
Net financial assets, end of year	$ 0.165	$ 0.293	$ 0.264	**$ 0.330**	$ 0.330

This statement is included for informational purposes. This schedule reflects the expense basis of accounting. We include this statement because our actual results in our Annual Report on Operations are reported on the expense basis of accounting.

Schedule of Actual and Planned Costs to Audit Government Agencies For the Years Ending in the Period July 1 to June 30 1998, 1999, 2000, and 2001

The following schedule shows our actual costs to audit government agencies for their years ended in the periods July 1, 1997 to June 30, 1998 (1998 actuals) and July 1, 1998 to June 30, 1999 (1999 actuals). The schedule also shows our planned costs to audit government agencies for their years ended in the periods July 1, 1999 to June 30, 2000 (2000 planned) and July 1, 2000 to June 30, 2001 (2001 planned).

The "nature of each examination", except for the Saskatchewan Safety Council, is described in section 11 of *The Provincial Auditor Act* which states:

> *"11(1) The Provincial Auditor is the auditor of the accounts of the Government of Saskatchewan and shall examine all accounts related to public money and any accounts not related to public money that he is required by an Act to examine and shall determine whether, in his opinion:*
>
> *(a) the accounts have been faithfully and properly kept;*
>
> *(b) public money has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;*
>
> *(c) public money expended has been applied to the purposes for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and*
>
> *(d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money."*

The information for 1998 and 1999 comes from the Schedule of Actual Costs to audit Government Agencies included in our 1999 and 2000 Annual Reports on Operations. Those schedules were audited by Hill McKillop Orr & Company, Chartered Accountants. Also, those schedules provide a comparison of our planned and actual costs to audit organizations for those years and an explanation for significant differences.

Schedule of Actual and Planned Costs to Audit Government Agencies for the Years Ending in the Period July 1 to June 30, 1998, 1999, 2000, and 2001

Department or Agency	1998 Actual	1999 Actual	2000 Planned	2001 Planned
Department of Agriculture and Food	$ 274,495	$ 296,065	$ 291,212	$ 291,325
Department of Economic and Co-operative Development	51,448	28,848	48,895	34,113
Department of Education	179,543	135,942 (11)	195,835 (7)	176,831
Department of Energy and Mines	50,041	47,557	48,540	78,175
Department of Environment and Resource Management	113,497	121,505	127,930	158,265
Department of Finance	487,086	472,985	574,730 (8)	555,497
Department of Health	606,983	537,293 (12)	525,606	587,211 (1)
Department of Highways and Transportation	98,258	101,543	113,007	97,083
Department of Intergovernmental and Aboriginal Affairs	13,355	12,434	15,706	16,134
Department of Justice	202,829	161,668 (13)	196,025 (9)	211,736
Department of Labour	24,289	9,481	14,228	55,347 (2)
Department of Municipal Affairs, Culture and Housing	249,716	213,170	212,749	229,122
Department of Post-Secondary Education and Skills Training	595,610	486,886 (14)	503,977	607,000 (3)
Department of Social Services	140,116	163,572	172,396	160,202
Executive Council	18,349	11,640	14,833	16,541
Legislative Assembly	30,111	27,467	38,644	46,804
Public Service Commission	6,157	11,214	7,622	7,858
Saskatchewan Gaming Corporation	54,199	80,306	85,376	75,504
Saskatchewan Liquor and Gaming Authority	120,181	91,476	102,870	237,516 (4)
Saskatchewan Municipal Board	7,743	3,184	6,204	3,270
Saskatchewan Research Council	66,565	62,951	67,798	69,540
Saskatchewan Safety Council	15,211	18,895	15,320	15,800
Women's Secretariat	2,725	2,570	3,391	3,497
Workers' Compensation Board	24,563	55,650	27,721	69,825 (5)
Crown Investments Corporation of Saskatchewan	96,450	81,444	96,467	59,559 (6)

Department or Agency	1998 Actual	1999 Actual	2000 Planned	2001 Planned
Municipal Financing Corporation of Saskatchewan	$ 2,344	$ 3,152	$ 2,165	$ 2,215
Saskatchewan Development Fund Corporation	4,128	3,972	6,116	6,264
Saskatchewan Energy Conservation and Development Authority	2,379	-	-	-
Saskatchewan Forest Products Corporation	3,154	2,929	1,430	-
Saskatchewan Government Growth Fund Management Corporation	15,807	24,387	18,696	19,110
Saskatchewan Government Insurance Corporation	32,938	49,941	47,499	48,501
Saskatchewan Land Information Services Corporation	-	-	28,625 (9)	5,041
Saskatchewan Opportunities Corporation	16,511	8,241	14,225	14,535
Saskatchewan Power Corporation	64,048	70,863	35,613	36,391
SaskEnergy Incorporated	17,570	15,407	19,613	20,530
Saskatchewan Property Management Corporation	10,101	8,833	11,629	11,879
Saskatchewan Telecommunications	45,570	41,437	37,746	50,237
Saskatchewan Transportation Company	15,580	8,709	11,173	11,425
Saskatchewan Water Corporation	16,450	16,914	39,812	17,122
Government-Wide, Sectoral and Special Issue Audits	261,796	388,671 (15)	512,893 (10)	531,726
Legislative Committees and Annual Report	341,675	476,026 (16)	447,683	441,269
TOTAL	4,379,571	4,355,228	4,742,000	5,080,000
Secondments	82,637	61,236	56,000	56,000
TOTAL INCLUDING SECONDMENTS	$ 4,462,208	$ 4,416,464	$ 4,798,000	$ 5,136,000
Average cost per audit hour	$ 67.92	$ 72.39	$ 74.98	$ 78.24 *

* The average cost per audit hour is the total expenditure for the year from page 39, less direct costs, divided by the total audit hours for all employees for the year (see page 51). The increase in the average cost per hour is primarily due to increasing salaries to respond to market pressure (see page 50).

Explanations for Differences Greater Than $40,000 Between Years

2001 Planned

(1) *Health* – Our 2001 planned costs are more than our 2000 planned costs for two reasons. In September 2000, all First Ministers in Canada agreed to prepare public reports on their health systems' performance (i.e., health status, health outcomes, and quality of services) by September 2002. The Department of Health and our Office have agreed to work together so that in a few years the Department will be able to prepare reliable public reports on the performance of our health system. Until we are able to provide positive assurance on the Department's performance reports, we will report annually on the Department's progress. This additional work increases our costs by approximately $52,000. Our costs are also increased by approximately $20,000 to advance the deadlines resulting from amendments to *The Tabling of Documents Act, 1991*.

(2) *Labour* – Our 2001 planned costs are more than our 2000 planned costs. In 2001, we plan to identify the Department's key risks including the Government's financial risks related to the Department's regulatory systems and practices. This decision increases our costs by $41,000.

(3) *Post-Secondary Education and Skills Training* – Our 2001 planned costs are more than our 2000 planned costs. Some grant programs have moved from the Department of Education to the Department of Post-Secondary Education and Skills Training (PSEST). This has increased our costs at PSEST by $20,000. The planned costs for the Department of Education have decreased by $20,000. In 2001, the University of Saskatchewan created two new pension plans. This increased our costs by $30,000. Our costs are also increased by approximately $35,000 to advance the deadlines resulting from amendments to *The Tabling of Documents Act, 1991*.

(4) *Saskatchewan Liquor and Gaming Authority* – As a result of our work at the Saskatchewan Liquor and Gaming Authority, we are required to audit directly the Saskatchewan Indian and Gaming Authority. This direct work increases our costs by $128,000.

(5) *Workers' Compensation Board* – In 2001, we plan to perform audit procedures directly on WCB's benefits liabilities and compensation expenses for the year ended December 31, 2000. We relied on the appointed auditor in this area in 2000. However, we have decided to do work directly at WCB in those areas that we consider have significant risk. Our experience at WCB has shown the benefits liabilities and compensation is the major risk area. This work increases our costs by approximately $40,000.

(6) *Crown Investments Corporation of Saskatchewan* – Our planned costs for 2001 are less than planned costs for 2000. We are planning to do less direct audit work resulting from the government's decision to have an appointed auditor for this agency. This decision reduced our costs by $43,000. Also, the Government created two new organizations (see page 48.) This increased our costs by $5,000.

2000 Planned

(7) *Education* – Our 2000 planned costs are more than our 1999 actual costs for two reasons. In 1999, for the Department's K-12 performance indicators, we did a study rather than an audit. The study provided an effective way to report the key issues examined to the Legislative Assembly. Also, efficiencies in our work at the Department contributed to a reduction in our costs.

(8) *Finance* – In 2000, we planned to advance the completion date of the Summary Financial Statements by four weeks. Our plan included the need to hire contract help and temporary help to meet this date and also meet all of our other deadline dates for other agencies.

(9) *Saskatchewan Land Information Services Corporation* – When we completed our 2001 Business and Financial Plan, we included the 2000 planned costs for this organization under the Department of Justice. Since that time, the Land Information Services agency was set up as a separate Crown corporation. Therefore, we have removed the planned costs from the Department of Justice and now reflect them separately.

(10) *Government-Wide Sectoral and Special Issue Audits* – Our work on *Toward 2000* caused us to reconsider how we examine infrastructure. We decided we had to do more work on the Government's systems and practices for managing its risks to its infrastructure beginning with the health system. This decision increased our costs $71,000. In 2000, we also planned to identify and report what information the Legislative Assembly needs to receive from Crown corporations to understand and debate rate changes. Our conclusions regarding *Toward 2000* were reported in our 1999 Fall Report - Volume 2. Our conclusions regarding rate regulation in the public sector were reported in our 2000 Spring Report.

1999 Actual

(11) *Education* – See discussion at (7).

(12) *Health* – Our 1999 actual costs are less than our 1998 actual costs because of two examinations we did in 1998. In our 1999 Annual Report on Operations, we report we spent approximately $64,000 more than our 1998 planned costs to examine the contract management processes used by the Saskatchewan Health Information Network Corporation and to examine the Department's resource allocation processes.

(13) *Justice* – Our 1999 actual costs are less than our 1998 actual costs because of examinations we did in 1998. In 1998, we identified, discussed and reported on the key risks the Department must manage well. Also, we examined how the Department's strategic plan compared to the key elements of a sound strategic plan.

(14) *Post-Secondary Education and Skills Training* - Our 1999 actual costs are less than our 1998 actual costs. In 1998, the University of Saskatchewan and the University of Regina changed their financial reporting practices to comply with the accounting principles recommended by the Canadian Institute of Chartered Accountants. The new principles have resulted in financial statements that provide more rigorous measures of the Universities' performances. The Universities had to prepare and change their accounting records and their systems and practices. The Universities also had to prepare revised comparative financial statements for 1997. Our workload increased significantly in 1998 because we had to examine two years and new accounting records and new systems and practices. Our 1999 Annual Report on Operations discusses this matter. In 1999, we did not expect to have to incur the extra costs that we had in 1998 and therefore did not increase our planned costs. Also, in 1999, the Government created new agencies and programs we had to examine. This increased our 1999 actual costs approximately $53,000. The agencies and programs were the Labour Market Agreement and the University of Saskatchewan Research Pension Fund.

(15) *Government-Wide Sectoral and Special Issue Audits* - Our 1999 actual costs are approximately $127,000 more than our actual costs for 1998. In our 1999 Annual Report on Operations, we report we had to delay 1998 planned work because of the unplanned work we had to do at the Universities, SaskPower and the Workers' Compensation Board.

(16) *Legislative Committees and Annual Report* – Our 1999 actual costs are more than our 1998 actual costs by approximately $134,000. In our 2000 Annual Report on Operations, we report we spent approximately $82,000 more than our 1999 planned costs. The Public Accounts Committee met more frequently than it had in the previous year and completed its review of our 1997 Fall Report, our 1998 Spring Report and our 1998 Fall Report. The increase in costs of our Reports to the Legislative Assembly was related to our Fall Report. The Fall Report included a significant number of chapters related to the Department of Health that resulted in more preparation time than planned. Also, time pressures in completing some of the chapters included in the Fall Report resulted in printing costs that were greater than planned.

Government Organizations Created in 2000-2001

The following organizations were created during 2000-2001 and result in more work for us in 2001-2002. As a result, we request additional resources in 2001-2002 to do these audits:

Department of Finance		
Government of Saskatchewan and SGEU Benefit Surplus Fund	$ 7,500	
Government of Saskatchewan and CUPE Benefit Surplus Fund	7,500	
SaskPower Supplementary Superannuation Plan	7,400	
Fiscal Stabilization Fund	4,900	$ 27,300
Department of Post-Secondary Education and Skills Training		
University of Saskatchewan Money Purchase Plan	13,200	
University of Saskatchewan Academic Pension Plan, 1999	17,200	30,400
Crown Investments Corporation		
CIC Foods Ltd.	2,600	
Saskatchewan Valley Potato Corporation	2,500	5,100
SaskEnergy Incorporated		
Chilean Holdings Ltd.	100	
Chilean Holdings I Ltd.	100	
Chilean Holdings II Ltd.	100	300
Saskatchewan Telecommunications		
Avonlea Holding Inc.	100	
Battleford International Inc.	100	
Brigadier Security Systems Ltd.	100	
Securtek Monitoring Solutions Inc.	2,200	
Securtek Partnership No. 1	100	
Securtek Partnership No. 2	100	
Sask911 Account	3,600	
3231518 Canada Ltd. (Clickabid ™)	2,200	
Information Queries and Analysis Partnership	2,200	10,700
		$ 73,800

We submit our request for resources in November of a year (2000) for the next April to March fiscal (2001-2002) year. Our request is for the purpose of auditing government organizations for their years ended in the period July 1, 2000 to June 30, 2001. The request is based on information known to October 31, 2000. Information received after that date will be reflected in our next request for resources.

Government Organizations Wound Up in 2000-2001

The following organizations were wound up during 2000-2001 and result in less work for us in 2001-2002. As a result, we do not request resources in 2001-2002 to do these audits:

Department of Environment and Resource Management		
Big Game Damage Compensation Fund	$ 2,900	$ 2,900
Crown Investments Corporation		
Western Canadian Beef Packers Inc.	3,400	3,400
Saskatchewan Forest Products Corporation	1,400	1,400
		$ 7,700

We submit our request for resources in November of a year (2000) for the next April to March fiscal (2001-2002) year. Our request is for the purpose of auditing government organizations for their years ended in the period July 1, 2000 to June 30, 2001. The request is based on information known to October 31, 2000. Information received after that date will be reflected in our next request for resources.

Forecast and Actual
Full Time Equivalent Positions and Average Salaries

Information on full time equivalent positions and salary levels

	Full Time Equivalent Positions		Average Salaries[1]	
Fiscal Year Ended	Forecast	Actual	Forecast	Actual
1990	51	51	$ 45,500	$ 43,500
1991	52	50	44,400	43,100
1992	60	59	44,500	44,900
1993	64	58	48,800	49,000
1994	69	61	48,100	47,000
1995	66	62	48,200	49,200
1996	63	62	48,700	50,360
1997	63	63	48,400	48,773
1998	62	62	48,700	50,358
1999	61	61	50,000	52,377
2000	60	59	52,200	53,932 [2]
2001	59	58 [3]	56,220	57,466 [3]
2002	59	—	58,980	—

[1] Our average salaries have increased from 1990 to 2002 primarily due to the Provincial Auditor's staff receiving similar economic adjustments as those the Government provided to public servants. We set out below the economic adjustments the Government provided to public servants. These economic adjustments alone would cause our average salary at March 31, 1990 to increase from $43,500 per year to $54,020 by March 31, 2002. The rest of the increase, to $58,980 for 2002, is caused by our need to respond to market pressures for 2001. The economy has provided more opportunities for new university graduates causing increased starting salaries. We increased our starting salaries six percent for 2001. This decision impacts salaries for all staff training to become professional accountants. Also, the economy is creating more opportunities and higher salaries for recently qualified professional accountants. We note the Government responded to this market pressure and provided a special increase to the salaries of professional auditors ranging from 5% to 12%. We also responded to these market pressures in 2001.

July 1, 1989	4%
July 1, 1990	4%
July 1, 1991	4%
July 1, 1994	2%
July 1, 1997	1%
July 1, 1998	3%
July 1, 1999	2%
July 1, 2000	2%

[2] Average salaries at March 31, 2000 after adjustment for a $81,000 decrease in accrued vacation pay.

[3] Estimated number of full-time equivalent positions and average salaries at October 31, 2000.

Schedule of Actual and Planned Time Employees Spend on Tasks For the Period April 1, 1997 to March 31, 2002

	Actual			Planned	
Employee time	**1998**	**1999**	**2000**	**2001**	**2002**
Working hours	87%	87%	84%	85%	85%
Vacation leave and statutory holidays	11%	11%	14% [1]	13%	13%
Sick leave	2%	2%	2%	2%	2%
Total paid hours	100%	100%	100%	100%	100%
Working hours tasks					
Audits	64%	64%	62%	63%	64%
Support services	13%	13%	14%	13%	13%
Office administration	15%	15%	16%	15%	14%
Training	8%	8%	8%	9%	9%
Total work hours	100%	100%	100%	100%	100%
Number of full time equivalent positions before secondments	61	60	58	58	58
Secondments	1	1	1	1	1
Total full time equivalent positions	62	61	59	59	59

(see accompanying notes to the schedule on page 52)

[1] Our vacation leave and statutory holidays are similar to those provided to employees in the public service. In October 1991, the Government gave improved vacation entitlements to its employees (e.g., four weeks vacation after 8 years of service instead of 10 years). We provided this benefit to our employees in October 1994. We are now impacted by this increase in vacation entitlements as the average term of service with our Office continues to increase. In 2000, staff were encouraged to take their unused vacation entitlements from previous years.

Notes to the Schedule of Actual and Planned Time Employees Spend on Tasks For the Period April 1, 1997 to March 31, 2002

1. Purpose

This schedule shows employee tasks and the percentage of time employees spend on these tasks. The schedule shows actual percentages for the years ended March 31, 1998 to March 31, 2000. The schedule also shows planned percentages for these tasks for the years ended March 31, 2001 and 2002.

The information for 1998, 1999 and 2000 comes from the Schedule of Actual Time Employees Spend on Tasks included in our Annual Reports on Operations for those years. The 1998, 1999 and 2000 schedules were audited by Hill McKillop Orr & Company, Chartered Accountants.

2. Definitions

Working hours - This is the time available after deducting vacation leave, statutory holidays and sick leave.

Vacation leave and statutory holidays - Employees receive paid vacation leave. Leave is based on years of service. Employees also receive 11 paid statutory holidays.

Sick leave - Employees receive paid sick leave. The amount of paid leave is based on years of service.

Total paid hours - This is the total of working hours, vacation leave and statutory holidays, and sick leave. Employees must account for a minimum of 1950 total paid hours per year to receive full pay.

Secondments - Secondments refers to arrangements when the Office's staff work for others (e.g. Government agencies) under their direction.

Audit hours - This is the time employees spend on the audits set out in the Detailed Work Plan on page 43. This time includes secondments. Audit hours do not include the time spent on support services, office administration, and training.

Support services - This is the time employees spend on accounting, filing, computer maintenance and support, and other administrative support.

Office administration - This is time employees spend on human resource activities, internal committees and working groups, office-wide and group planning activities, and time that does not fall within any other working hours task category.

Training - This is time employees spend on staff development courses and seminars. The time includes both employee attendance time and instructor time when our employees instruct our internal courses.

Full-time equivalent positions - This represents the total paid months divided by twelve months.

3. Time Allocation Policies

Employees are required to record on time sheets actual time spent on each task to the nearest quarter hour. The employees' supervisors approve the employees' time sheets. The Office records the time shown on the time sheets. The Office uses the information derived from the time sheets to pay employees and to monitor employees' performance. The Office also uses this information to determine the actual costs to audit government agencies.

Training

Information on the cost of training showing the staff hours, staff salary costs and out-of-pocket costs.

	Hours [1,2]	Salary Cost	Out-of-Pocket Cost
1995-96 forecast	8,968	$199,416	$150,010
1995-96 actual	8,814	184,271	132,914
1996-97 forecast	8,659	174,629	149,575
1996-97 actual	8,808	177,071	122,257
1997-98 forecast	8,100	162,600	145,500
1997-98 actual	8,639	188,444	136,155
1998-99 forecast [3]	8,947	170,665	151,540
1998-99 actual [4]	8,023	188,320	148,531
1999-00 forecast	8,720	205,791	149,000
1999-00 actual [5]	7,946	175,144	116,310
2000-01 forecast	9,043	206,582	149,000
2000-01 estimate [6]	8,818	214,202	139,000
2001-02 forecast [7]	8,213	208,509	149,000

(see acompanying notes to the schedule on page 54)

Notes to the Training Schedule

1. We are a training office for people to become Chartered Accountants (CAs). We pay salaries about $9,000 per year less than the starting salary for a Business Auditor hired through the Public Service Commission. Our training costs for CA students are about $4,400 per year. It takes three years to become a CA. Accordingly, we save about $5,000 per year whenever we can use a student to do the required work.

2. We continue to update our training survey that was initiated from a request of the Board of Internal Economy. In early 1999, we did a survey of the legislative auditors across Canada and four of the largest national auditing firms in Regina. We received replies from nine of the legislative auditors and two of the national auditing firms. Following are the results of the survey based on 1998 training policies:

Type of training	Legislative Auditors Average 1998	National Auditing Firms Average 1998	Provincial Auditor Saskatchewan 1998	Provincial Auditor Saskatchewan Forecast 2002
Training new staff to become professionals	11 days	16 days	11 days	11 days
Keeping our existing professional staff current	7 days	16 days	6 days	6 days
Specialized training (e.g., computers, pensions, tax, etc.)	9 days	33 days	11 days	13 days

We also note, in January 1995, the Institute of Chartered Accountants of Saskatchewan reported on professional development (training) in its newsletter *Horizons*. The Institute reported that in 1994 Chartered Accountants spent about 70 hours (approximately 9 days) on training activities.

3. In 1998-99, our planned costs reflected our decision to hire two trainees who will do the Master of Professional Accounting Program (MPAcc) at the University of Saskatchewan. This decision would increase training costs by $8,710. Our recruiting for that year did not result in the hiring of students willing to pursue MPAcc.

4. Our training hours decreased due to not having MPAcc student time. However, we increased our IT training for support staff due to the loss of a key staff member. The salary cost of this training is higher than savings from the decreased student training.

5. Our hours and costs decreased due to established priorities. We did not carry out part of our annual management training program.

6. As at October 31, 2000.

7. Our forecast includes an increase in the training for our specialists and a decrease in the number of students preparing for final exams in their professional accounting program. The salary cost of the specialist training is higher than the savings from the decreased student training.

Summary of Our 2001 – 2003 Strategic Plan

Our goals and objectives

We have three goals. These are:

- foster well-managed government;
- encourage good reporting by government; and
- manage our business effectively.

Pages 56 to 59 set out our goals and objectives for the period October 1, 2000 to September 30, 2003 for pursuing our mission. We also set out our:

- strategies to manage the risks that might prevent us from achieving our objectives; and
- indicators we use to measure our success in achieving our goals and objectives and our performance targets for those indicators.

Goal 1: Foster Well-Managed Government

Objectives		Strategies	
a)	The Government uses a sound public accountability framework.	i)	Assess the Government's public accountability framework.
		ii)	Encourage the Government to use a sound public accountability framework.
b)	The Government uses adequate processes to plan and to achieve planned results.	i)	Evaluate the Government's processes to plan including its risk identification.
		ii)	Evaluate the Government's processes to achieve planned results including its risk management.
c)	Our stakeholders receive our assurance and advice on the Government's public accountability framework, and the processes it uses to plan and to achieve planned results.	i)	Provide timely assurance and advice to our stakeholders.

Indicators of Success:

- The Government acts on 80% of our recommendations that are more than one year old that do not involve major changes.
- The Government acts on 80% of our recommendations that are more than five years old that involve major changes.
- The Public Accounts Committee accepts 90% of our recommendations that it considers.

Goal 2: Encourage Good Reporting by Government

Objectives		Strategies	
a)	The Government publicly reports its plans based on a sound public accountability framework.	i)	Encourage the Government to publicly report its plans.
		ii)	Examine whether the Government's public planning reports include all essential elements.
b)	The Government publicly reports the extent to which it has achieved its planned results.	i)	Encourage the Government to publicly report the extent to which it has achieved its planned results.
		ii)	Examine whether the Government's public performance reports include all essential elements.
		iii)	Encourage the Government to prepare financial statements for its departments.
		iv)	Examine whether the Government's financial statements are reliable.
		v)	Examine the reliability of key operational performance information included in the Government's performance reports.
c)	Our stakeholders receive our assurance on the Government's key public planning and performance reports.	i)	Provide timely assurance and advice to our stakeholders.

Indicators of Success:

- By 2002, 50% of significant government agencies make public their plans.
- In 2002, the Government-as-a-whole publicly reports its plans for the 2002-03 fiscal year.
- By 2002, 50% of all Departments include departmental financial statements in their annual performance reports.
- By 2003, 50% of significant government agencies' performance reports we examine set out information on their key risks and how they manage those risks.

Goal 3: Manage Our Business Effectively

Objectives		Strategies	
a)	Our stakeholders know and value what we do.	i)	Seek and monitor the views of our stakeholders on our plans and performance.
		ii)	Identify and monitor the risks faced by our stakeholders.
		iii)	Adjust our work, priorities and resource allocation to respond to our understanding of the risks faced by our stakeholders.
		iv)	Obtain the resources and competencies necessary to respond to the risks faced by our stakeholders.
		v)	Communicate in a clear, accessible and timely manner.
		vi)	Maintain our independence
b)	We are leaders in key areas of our profession.	i)	Define the unique characteristics of the profession of legislative auditing.
		ii)	Set out the areas of our profession for which we maintain leadership expertise.
		iii)	Set out the subject matters for which we maintain in-depth knowledge.
		iv)	Maintain access to the necessary competencies.
		v)	Encourage government officials, other public-sector officials, and professional colleagues to seek our advice and training programs and to seek experience with our Office.
c)	We continuously improve our work.	i)	Incorporate the CICA's Criteria of Control into our methodology.
		ii)	Maintain current and effective methodology.
		iii)	Ensure we have qualified professional staff with access to the right competencies.
		iv)	Strengthen the way our working environment embraces our values.
		v)	Strengthen and simplify our management information system.

Objectives	Strategies
	vi) Strengthen and simplify our administrative practices. v) Strengthen how we plan, assess and report our performance.

Indicators of Success:

- Our work is relevant (see Indicators of Success for Goal 1).
- Our work is completed by established deadlines and within the planned costs set out in our Business and Financial Plan.
- Our staff resources are used as set out in our Business and Financial Plan.
- Our stakeholder surveys indicate a positive trend in satisfaction with our work.
- Our corporate culture surveys indicate a positive trend in our working environment.
- The Institute of Chartered Accountants of Saskatchewan reports our work meets professional standards.
- Maintain net financial assets equal to one month of our salary costs so that we can respond effectively to the risks faced by our stakeholders.
- Our Professional Accounting Program pass rates exceed the provincial average each year.
- The Assembly receives our Business and Financial Plan and our Annual Report on Operations each year.
- The Assembly receives a Fall and Spring Report each year.
- Our auditor reports publicly and positively on our performance (e.g., our financial statements, our compliance with *The Provincial Auditor Act* and the adequacy of our system of internal control).

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Appendix II – Other Information in Response to Questions Posed Previously by the Standing Committee on Estimates and the Board of Internal Economy

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When reviewing our Business and Financial Plans, the Standing Committee on Estimates and the Board of Internal Economy have asked several questions about our spending practices and audit work. This appendix contains information to answer those questions. The information reflects our latest results and estimates.

We think the Committee's and the Board's questions are excellent for understanding and assessing the spending practices of public sector managers. Accordingly, we encourage Members of the Legislative Assembly to ask similar questions of managers of Crown corporations and departments when those managers appear before other Standing Committees.

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Spending Trends

In the past, members of the Standing Committee on Estimates and the Standing Committee on Public Accounts wanted to know what our spending trends were over a ten-year period.

The following information shows the trend of our spending from 1992 to 2000. The financial trends of the Government are best represented by the total revenue plus the total expenditures, as well as the total assets plus the total liabilities from the Summary Financial Statements. In the past, we compared our spending to the Government's spending through the General Revenue Fund. The Government's Summary Financial Statements contain better information on total government spending. Until we have a ten-year trend line available for Summary Financial Statement information, we will include the comparison to the General Revenue Fund as additional information (see Table 4 and Graphs 4 and 5).

Table 3

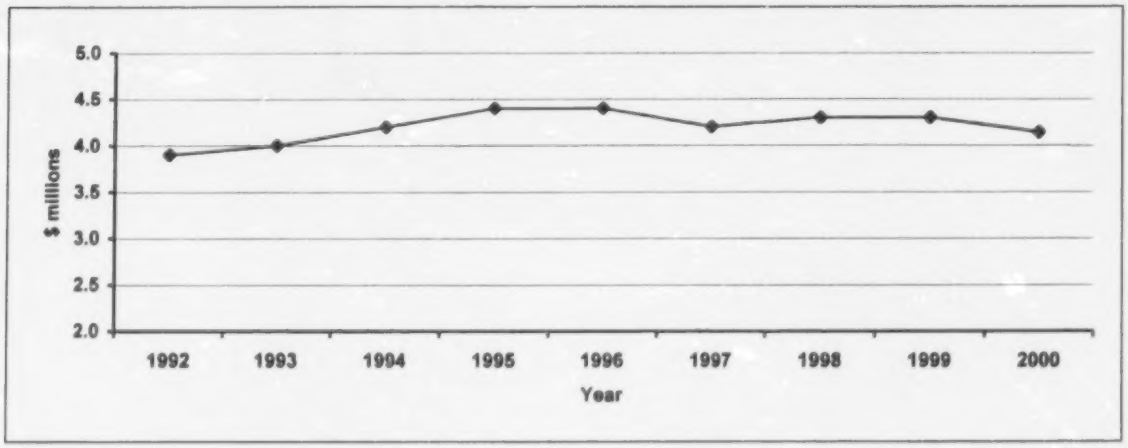
	Provincial Auditor's	Government's Financial Trends	
Year End	Spending	Revenue and Expenditures	Assets and Liabilities
1992	$ 3.6 million	$ 17.0 billion	$ 31.6 billion
1993	3.9 million	16.3 billion	32.7 billion
1994	4.1 million	16.4 billion	34.3 billion
1995	4.4 million	17.4 billion	34.6 billion
1996	4.5 million	17.6 billion	34.9 billion
1997	4.3 million	17.5 billion	34.5 billion
1998	4.5 million	17.6 billion	33.9 billion
1999	4.6 million	18.3 billion	33.9 billion
2000	4.5 million	20.2 billion	35.6 billion

The Provincial Auditor's reported spending, for 1992 to 2000 inclusive, does not include appointed auditors' fees charged to government agencies. The decision to use appointed auditors rests with the Government. Accordingly, the costs of appointed auditors are not within the Provincial Auditor's control and are, therefore, not reflected in the Provincial Auditor's spending.

The Government's financial numbers come from the Summary Financial Statements. The total revenues plus the total expenditures are used to reflect the increase in the volume of transactions our Office is responsible for auditing. We also have to audit the total assets plus the total liabilities of the Government. Graphs 1 and 2 (page 66) include the above information adjusted for inflation using 1995 as the base year.

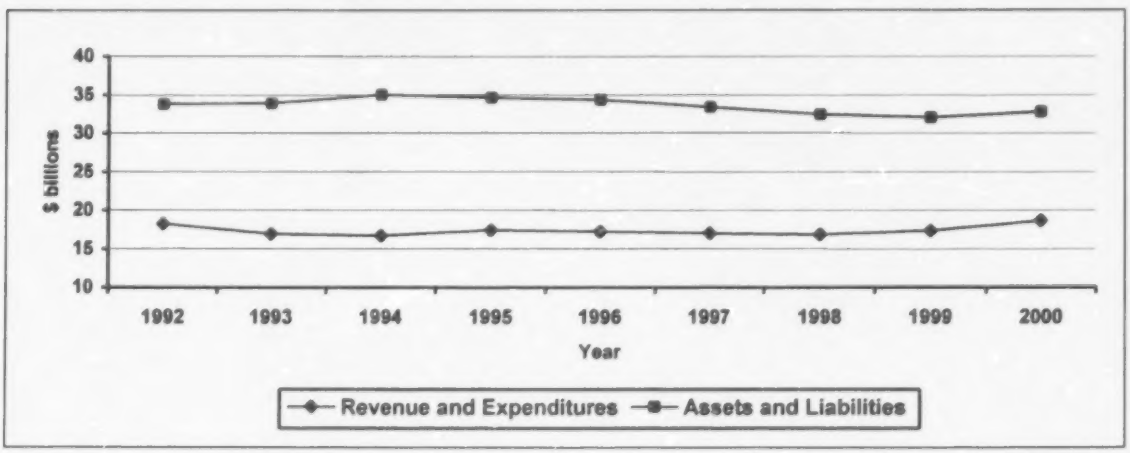
Graph 1
Provincial Auditor's Spending

These numbers come from Table 3. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 1995 as the base year.



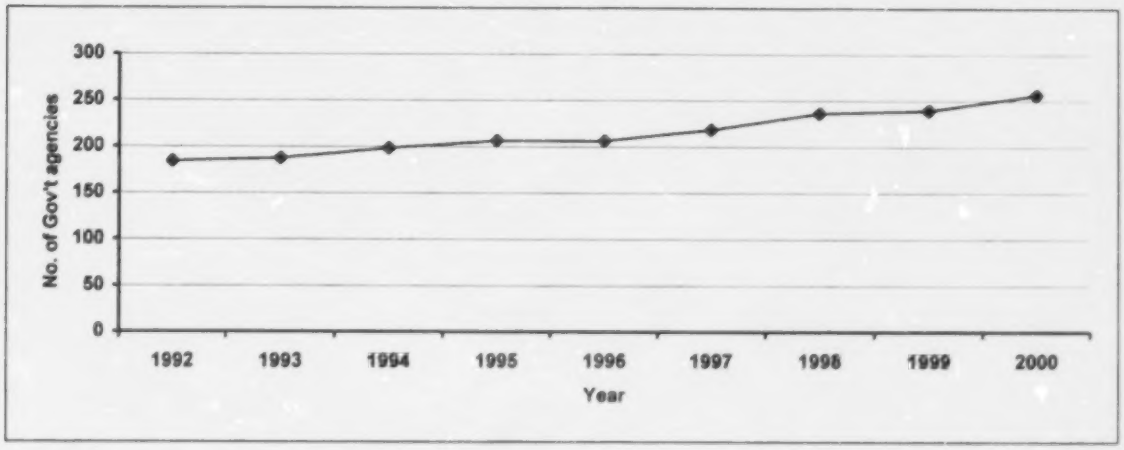
Graph 2
Government's Financial Trends

These numbers come from Table 3. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 1995 as the base year.



Graph 3
Number of Government Agencies

Our work is also affected by the number of government agencies. The following graph shows the nine-year trend in the number of government agencies.



The following information shows the trend of our spending from 1983 to 2000. In 1983, the Provincial Auditor was given the authority to manage and control the Office.

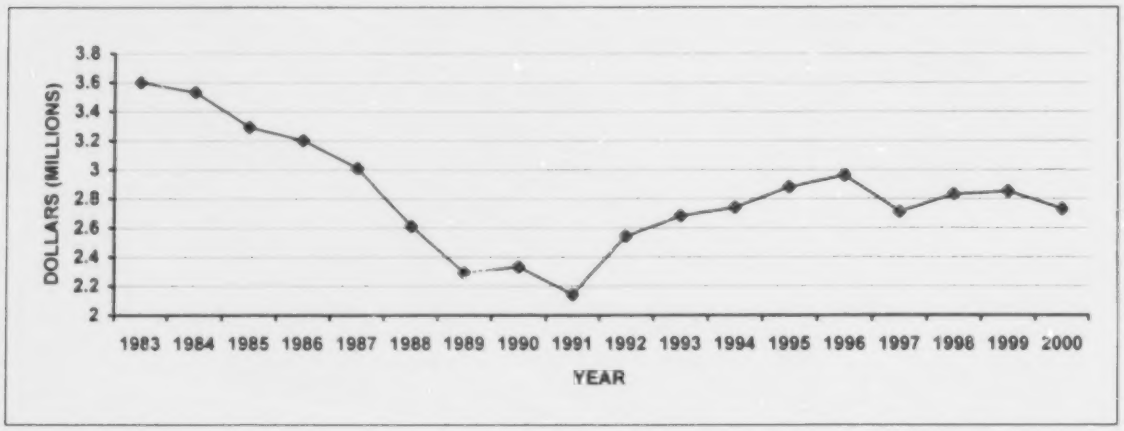
Table 4

Year End	Provincial Auditor's Spending	Government Spending Through the General Revenue Fund
1983	$3.6 million	$2,918 million
1984	3.7 million	3,065 million
1985	3.6 million	3,295 million
1986	3.6 million	3,628 million
1987	3.5 million	4,033 million
1988	3.2 million	3,838 million
1989	2.9 million	4,020 million
1990	3.1 million	4,536 million
1991	3.0 million	5,019 million
1992	3.6 million	4,892 million
1993	3.9 million	4,968 million
1994	4.1 million	4,952 million
1995	4.4 million	5,097 million
1996	4.5 million	5,113 million
1997	4.3 million	5,096 million
1998	4.5 million	5,127 million
1999	4.6 million	5,575 million
2000	4.5 million	5,773 million
Increased Spending Since 1983	$0.9 million	$2,855 million
Percentage Increase	25.00%	97.86%
Percentage Increase (Decrease) After Adjusting for Inflation (See Schedule II and III)	(24.18%)	20.02%

The spending numbers come from the Public Accounts. Before 1984, the Provincial Auditor's reported spending did not include rent and fringe benefits. Accordingly, to compare spending, we changed the 1983 and 1984 numbers to include rent and fringe benefits. (See Hansard page 2448, May 10, 1984.) The Provincial Auditor's reported spending, for 1983 to 2000 inclusive, does not include appointed auditors' fees charged to government agencies. The decision to use appointed auditors' rests with the Government. Accordingly, the costs of appointed auditors are not within the Provincial Auditor's control and are therefore not reflected in the Provincial Auditor's spending.

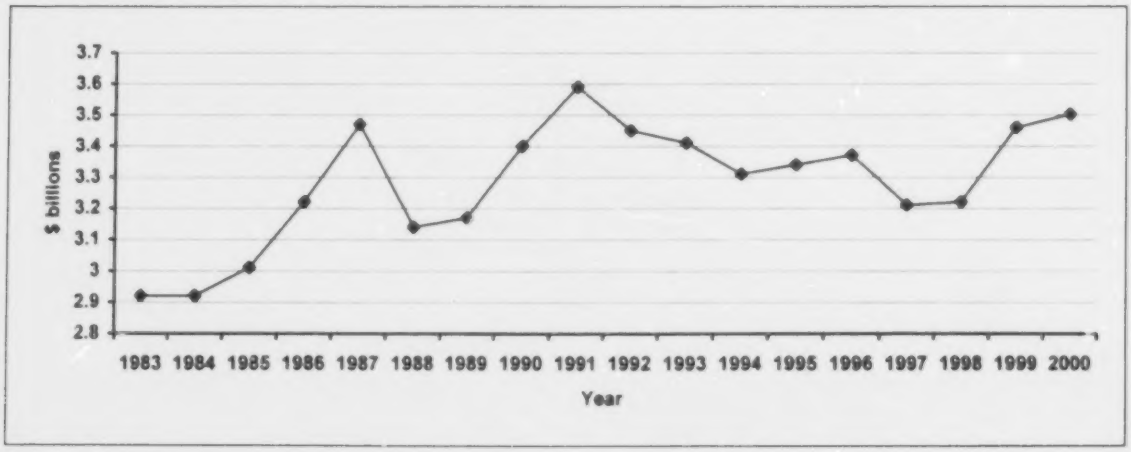
Graph 4
Provincial Auditor's Spending

These numbers come from Table 4. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 1983 as the base year.



Graph 5
Government Spending through the General Revenue Fund

These numbers come from Table 4. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 1983 as the base year.



Out of Province Travel

Information on the last five years "out of province travel".

	1997-98	1998-99	1999-00	2000-01	2001-02
Forecast	$ 31,000	$ 28,250	$ 39,500 [1]	$ 40,250 [1]	$ 39,650 [1]
Actual	33,261	38,974 [1]	28,064 [2]	34,540 [3]	

[1] Increasingly we are asked to participate in national working groups with the legislative audit community to agree on guidelines for auditing and reporting on performance. Also, some of our specialized training is not available in province (e.g., pension and benefit plans, gaming and insurance areas.)

[2] In 2000, due to established priorities, we did not carry out part of our annual management training program. We plan to carry out this program in future years.

[3] This is an estimate to March 31, 2001. The actual to September 30, 2000 is $10,238.

Salary Comparisons

Monthly and annual salaries for all staff as of March 31, 2000 and as of March 31, 1999 and the percentage change. For explanation for increases, see footnotes 1 to 7 on page 73.

Salaries - Employees (excluding union related employees)

Name	Type	March 31, 1999 Annual Salary	March 31, 1999 Monthly Salary	March 31, 2000 Annual Salary	March 31, 2000 Monthly Salary	Percentage Increase (7)	Explanation for Increases Greater Than 10%
Ahmad, Mobashar	Permanent	$ 89,736	$ 7,478	$ 89,736	$ 7,478		
Anderson, Mark T.	Permanent	66,812	5,568	69,810	5,818	4.49%	
Atkinson, Brian R.	Permanent	89,736	7,478	89,736	7,478		
Bachelu, Gaylene	Permanent	25,727	2,144	27,543	2,295	7.06%	
Beblow, Jolene	Permanent	52,000	4,333	57,220	4,768	10.04%	(3)
Black, Robert L.	Permanent	82,640	6,887	82,640	6,887		
Borys, Angèle M.	Permanent	70,000	5,833	72,800	6,067	4.00%	
Creaser, Philip M.	Permanent	82,640	6,887	82,640	6,887		
Deis, Kelly W.	Permanent	52,000	4,333	65,000	5,417	25.00%	(6)
Dickin, Deann J.	Permanent	35,000	2,917	39,079	3,257	11.65%	(6)
Dyck, Lisa M.	Permanent	22,000	1,833	No longer employed			
Ferguson, Judy D.	Permanent	89,736	7,478	89,736	7,478		
Grabarczyk, Rod	Permanent	80,295	6,691	82,640	6,887	2.92%	
Harasymchuk, William	Permanent	65,464	5,455	68,083	5,674	4.00%	
Harrison, Garnet G.	Permanent	52,000	4,333	57,180	4,765	9.96%	(3)
Heffernan, Michael A.	Permanent	89,736	7,478	89,736	7,478		
Jersak, Rodd S.	Permanent	70,335	5,861	73,148	6,096	4.00%	
Kinvig, Amy P.	Permanent	39,200	3,267	42,622	3,552	8.73%	
Knox, L. Jane	Permanent	82,640	6,887	82,640	6,887		
Kress, Jeffrey J.	Permanent	37,500	3,125	45,000	3,750	20.00%	(2)
Kucher, Tara L.	Permanent	39,200	3,267	49,622	4,135	26.59%	(5)
Kuntz, Linda A.	Permanent	41,208	3,434	41,208	3,434		
Markewich, Dale	Permanent	75,000	6,250	78,000	6,500	4.00%	
Martens, G. Andrew	Permanent	82,640	6,887	82,640	6,887		
Matchett, Joanne M.	Permanent	54,500	4,542	57,205	4,767	4.96%	
Montgomery, Edward	Permanent	89,736	7,478	89,736	7,478		
Nyhus, Glen D.	Permanent	82,640	6,887	82,640	6,887		
Orrange, Loyd	Permanent	66,257	5,521	66,919	5,577	1.00%	
Pradhan, Karim S.	Permanent	82,640	6,887	82,640	6,887		
Russell, Cathy R.	Permanent	48,329	4,027	48,812	4,068	1.00%	
Rybchuk, Corrine P.	Permanent	57,321	4,777	63,000	5,250	9.91%	(5)

Salaries - Employees (excluding union related employees)

		March 31, 1999		March 31, 2000			
Name	Type	Annual Salary	Monthly Salary	Annual Salary	Monthly Salary	Percentage Increase (7)	Explanation for Increases Greater Than 10%
Salman, Salma S.	Permanent	43,438	3,620	50,872	4,239	17.11%	(5)
Schwab, Victor A.	Permanent	65,286	5,441	67,894	5,658	3.99%	
Shorten, Karen	Permanent	26,500	2,208	29,977	2,498	13.12%	(6)
Smith, Curtis L.	Permanent	34,112	2,843	48,000	4,000	40.71%	(2)
Smith, Scott J.	Permanent	45,238	3,770	No longer employed			
Smith, Shana A.	Permanent	39,200	3,267	42,622	3,552	8.73%	
Strelioff, Wayne K.	Cash	112,845	9,404	114,608	9,551	1.56%	
	Deferred	3,300	N/A	1,764	N/A		(4)
Sturgeon, Darold B.	Permanent	48,329	4,027	No longer employed			
Talbot, Marjory E.	Permanent	33,200	2,767	45,000	3,750	35.54%	(2)
Volk, Rosemarie M.	Permanent	75,000	6,250	75,000	6,250		
Watkins, Dawn L.	Permanent	29,400	2,450	30,300	2,525	3.06%	
Wendel, G. Fred	Permanent	100,217	8,351	100,217	8,351		
Wendel, Leslie E.	Permanent	78,940	6,578	79,729	6,644	1.00%	

Salaries - Employees (union related employees)

Name	Type	March 31, 1999 Annual Salary	March 31, 1999 Monthly Salary	March 31, 2000 Annual Salary	March 31, 2000 Monthly Salary	Percentage Increase (7)	Explanation for Increases Greater Than 10%
Baronowsky, Tricia A.	Permanent	$ 24,500	$ 2,042	$ 28,000	$ 2,333	14.29%	(1)
Brezinski, Curtis	Temporary	16,500	1,375	No longer employed			
Burrows, Jamie A.	Permanent	26,300	2,192	30,267	2,522	15.08%	(1)
Clemett, Tara L.	Permanent	27,240	2,270	35,000	2,917	28.49%	(1)
Daviduik, Krista D.	Permanent	Hired in 1999-2000		26,000	2,167		
DeCorby, Michelle	Temporary	16,500	1,375	No longer employed			
Duran, Jason S.	Permanent	44,500	3,708	50,000	4,167	12.36%	(6)
Duran, Joel	Temporary	20,100	1,675	21,900	1,825	8.96%	
Forgie, Leanne M.	Permanent	25,240	2,103	30,267	2,522	19.92%	(1)
Fysh, Cindy M.	Temporary	18,300	1,525	No longer employed			
Kenny, Wade A.	Permanent	25,240	2,103	30,267	2,522	19.92%	(1)
Kodas, John	Permanent	27,755	2,313	30,267	2,522	9.05%	
Lahti, Jay	Permanent	30,506	2,542	33,811	2,818	10.83%	(1)
Lahti, Kami J.	Permanent	26,000	2,167	30,267	2,522	16.41%	(1)
Lowe, Kimberly	Permanent	25,240	2,103	30,267	2,522	19.92%	(1)
Obrigewitsch, Jackie	Temporary	18,300	1,525	No longer employed			
Oldershaw, Mark J.	Permanent	27,240	2,270	30,267	2,522	11.11%	(1)
Ottenbreit, Stacey	Temporary	Hired in 1999-2000		19,200	1,600		
Paul, Charlene A.	Permanent	Hired in 1999-2000		26,000	2,167		
Richter, Angie D.	Permanent	Hired in 1999-2000		26,000	2,167		
Schiller, Rita L.	Permanent	23,242	1,937	24,413	2,034	5.04%	
Sommerfeld, E. Regan	Permanent	Hired in 1999-2000		26,000	2,167		
Strecker, Rena	Permanent	26,300	2,192	30,267	2,522	15.08%	(1)
Suignard, Gilbert J.	Permanent	24,500	2,042	No longer employed			
Tomlin, Heather D.	Permanent	38,000	3,167	41,410	3,451	8.97%	
Walker, Sandra J.	Permanent	53,119	4,427	56,804	4,734	6.94%	

Explanations for Increases

We are a training office for people to become Chartered Accountants (CAs). As a result, when we hire trainees we base our starting salaries on market rates for other training offices. However, as they progress toward professional qualifications, we must pay them closer to rates in the public service.

(1) We hire these staff at an annual salary approximately $9,000 less than the starting salary paid to a Business Auditor hired through the Public Service Commission. We hire at these rates to more closely reflect market rates for persons wanting to become professional accountants. As these staff progress towards and achieve professional standing, they receive increases that reflect rates in the public service. The Government pays auditors, that are not CAs, hired through the Public Service Commission at pay scales ranging from a starting salary of $34,500 as a Business Auditor trainee to $48,800 as a Business Auditor.

(2) These larger increases are due to staff members passing their professional accounting exams and being promoted. At this time, we link their salaries closer to rates in the public service. The Government's pay scale for a CA hired as a Senior Auditor through the Public Service Commission ranges from $49,200 to $58,780.

(3) These increases are due to staff members being promoted.

(4) When the Provincial Auditor's employment ends, by law he is entitled to receive two months salary for each year of employment as Provincial Auditor to a maximum of 12 months salary.

(5) These increases are due to adjustments necessary to retain staff who have completed their accounting designation within recent years. We link their salaries to rates in the public service.

(6) These increases are due to market adjustments necessary to retain staff with specialized skills and experience.

(7) The government granted salary increases to all out of scope public servants of 2% on July 1, 1999.

Senior Management Salaries

Annual salaries of senior management for the past five years and the percentage change from the previous year.

Annual salaries as at March 31:

Name	1996	1997	Percent Increase from 1996	1998	Percent Increase from 1997[2]	1999	Percent Increase from 1998[3]	2000	Percent Increase from 1999[4]
Strelioff, W. K.									
- Cash[1]	$ 108,452	$ 108,452	0.00%	$ 109,537	1.00%	$ 112,845	3.02%	$ 114,608	1.56%
- Deferred	18,075	10,544	0.00%	1,085	1.00%	3,300	3.02%	1,764	1.56%
Wendel, G. F.	96,316	96,316	0.00%	97,279	1.00%	100,217	3.02%	100,217	0.00%
Ahmad, M. (Effective Oct. 1, 1997)	-	-		84,000	4.42%	89,736	6.83%	89,736	0.00%
Atkinson, B. R.	86,243	86,243	0.00%	87,105	1.00%	89,736	3.02%	89,736	0.00%
Ferguson, J. D.	86,243	86,243	0.00%	87,105	1.00%	89,736	3.02%	89,736	0.00%
Heffernan, M. A.	86,243	86,243	0.00%	87,105	1.00%	89,736	3.02%	89,736	0.00%
Montgomery, E. (Effective Oct. 1, 1997)	-	-		84,000	5.76%	89,736	6.83%	89,736	0.00%

[1] The law states that the Provincial Auditor's salary is the average of the salaries paid to Deputy Ministers and he receives any economic adjustments that Deputy Ministers receive.

[2] The government granted salary increases to all out of scope public servants of 1% on July 1, 1997.

[3] The government granted salary increases to all out of scope public servants of 3.02% on July 1, 1998.

[4] The government granted salary increases to all out of scope public servants of 2% on July 1, 1999.

Special Assignments

No special assignments per Section 16 of *The Provincial Auditor Act* have been performed during 2000-01 as of September 30, 2000.

Professional Dues

Schedule of the professional fees levied by the Certified General Accountants Association, CMA Saskatchewan, and Institute of Chartered Accountants for 1998-99, 1999-00, 2000-01, and forecast for 2001-02.

Fees	1998-99 (Actual)	1999-00 (Actual)	2000-01 (Actual)	2001-02 (Forecast)
Certified General Accountants Association	$ 650.00	$ 655.00	$ 670.00	$ 670.00
CMA Saskatchewan				
Annual professional membership dues	565.00	565.00	565.00	565.00
Student membership dues	255.00	250.00	250.00	250.00
Institute of Chartered Accountants				
Chartered Accountant dues	745.00	770.00	815.00	815.00
Student dues	507.00	535.00	535.00	535.00
Practice Inspection Assessment				
"C.A.'s employed by the Office of the Provincial Auditor"	50.00	50.00	52.50	52.50
Firm Assessment				
"for each Chartered Accountant within your firm"	125.00	125.00	125.00	125.00

Costs of our Detailed Work Plan for 2000

Following is a schedule of planned and actual hours and costs to audit government agencies for their years ended in the period July 1, 1999 to June 30, 2000. The planned costs were originally provided in our 2001 Business and Financial Plan. Our 2001 Annual Report on Operations will provide explanations of significant variances between planned and actual results.

Department or Agency	Planned		Actuals			Appointed**	Total
	Hours	Costs	Hours	Costs		Auditor Fee	Costs/Fees
Department of Agriculture and Food	3,980	$ 291,212	3,347	$ 237,992	*	$ -	$ 237,992
Department of Economic and Co-operative Development	679	48,895	227	16,623		-	16,623
Department of Education	2,518	195,835	1,440	104,846	*	-	104,846
Department of Energy and Mines	680	48,540	667	46,609	*	-	46,609
Department of Environment and Resource Management	1,825	127,930	1,711	122,684	*	-	122,684
Department of Finance	7,223	574,730	5,822	443,340	*	-	443,340
Department of Health	6,516	525,606	5,574	422,440	*	-	422,440
Department of Highways and Transportation	1,538	113,007	686	46,253	*	-	46,253
Department of Intergovernmental and Aboriginal Affairs	214	15,706	152	12,282	*	-	12,282
Department of Justice	2,740	196,025	1,736	115,550	*	-	115,550
Department of Labour	207	14,228	127	8,065	*	-	8,065
Department of Municipal Affairs, Culture and Housing	2,874	212,749	3,106	221,551	*	-	221,551
Department of Post-Secondary Education and Skills Training	6,785	503,977	6,103	464,274	*	-	464,274
Department of Social Services	2,383	172,396	2,001	137,033	*	-	137,033
Executive Council	222	14,833	229	16,289	*	-	16,289
Legislative Assembly	560	38,644	427	26,705	*	-	26,705
Public Service Commission	118	7,622	128	8,358		-	8,358
Saskatchewan Gaming Corporation	1,074	85,376	939	71,366	*	-	71,366
Saskatchewan Liquor and Gaming Authority	1,395	102,870	1,749	139,310	*	-	139,310
Saskatchewan Municipal Board	101	6,204	41	2,711		-	2,711
Saskatchewan Research Council	871	67,798	891	61,795		-	61,795
Saskatchewan Safety Council	240	15,320	302	18,770		-	18,770
Women's Secretariat	53	3,391	53	3,292		-	3,292
Workers' Compensation Board	294	27,721	555	54,812	*	-	54,812
Crown Investments Corporation of Saskatchewan	1,159	96,467	875	72,893		-	72,893
Municipal Financing Corporation of Saskatchewan	25	2,165	25	2,261		-	2,261
Saskatchewan Development Fund Corporation	74	6,116	20	1,808		-	1,808
Saskatchewan Forest Products Corporation	10	1,430	9	892		-	892

Department or Agency	Planned Hours	Planned Costs	Actuals Hours	Actuals Costs		Appointed** Auditor Fee	Total Costs/Fees
Saskatchewan Government Growth Fund Management Corporation	188	$ 18,696	179	$ 18,097		$ -	$ 18,097
Saskatchewan Government Insurance Corporation	501	47,499	515	47,684		-	47,684
Saskatchewan Land Information Services Corporation	400	28,625	9	712	*	-	712
Saskatchewan Opportunities Corporation	155	14,225	115	11,523		-	11,523
Saskatchewan Power Corporation	389	35,613	378	34,128		-	34,128
SaskEnergy Incorporated	201	19,613	189	18,414		-	18,414
Saskatchewan Property Management Corporation	125	11,629	83	8,343	*	-	8,343
Saskatchewan Telecommunications	374	37,746	415	40,016		-	40,016
Saskatchewan Transportation Company	126	11,173	68	6,483		-	6,483
Saskatchewan Water Corporation	388	39,812	537	48,138		-	48,138
Government-Wide, Sectoral and Special Issue Audits	6,016	512,893	4,392	376,567	*	-	376,567
Legislative Committees and Annual Report	4,623	447,683	1,957	185,879	*	-	185,879
TOTAL	59,844	4,742,000	47,779	3,676,788		-	$ 3,676,788
Secondments	1,650	56,000	1,064	41,203			41,203
TOTAL INCLUDING SECONDMENTS	61,494	4,798,000	48,843	3,717,991		-	$ 3,717,991

* These audits are not fully complete at September 30, 2000. To fully complete these would require 10,799 hours and $1,056,052.

** None of the appointed auditors have reported their 2000 fees.

Costs of our Detailed Work Plan for 1999

Following is a schedule of planned and actual hours and costs to audit government agencies for their years ended in the period July 1, 1998 to June 30, 1999. The planned costs were originally provided in our 2000 Business and Financial Plan. Our 2000 Annual Report on Operations provides explanations of significant variances between planned and actual results up to March 31, 2000. The actual results reported here have been updated to include hours and costs for these jobs up to September 30, 2000.

	Planned		Actuals			Appointed**	Total
Department or Agency	Hours	Costs	Hours	Costs		Auditor Fee	Costs/Fees
Department of Agriculture and Food	3,943	$ 262,419	4,194	$ 297,967		$ 194,860	$ 492,827
Department of Economic and Co-operative Development	709	47,522	410	28,848		-	28,848
Department of Education	2,618	186,477	1,997	139,184	*	6,640	145,824
Department of Energy and Mines	865	56,421	740	47,557		-	47,557
Department of Environment and Resource Management	2,145	138,210	1,928	121,505	*	13,125	134,630
Department of Finance	7,648	511,611	6,820	472,985	*	29,750	502,735
Department of Health	7,318	552,569	7,585	547,294	*	647,495	1,194,789
Department of Highways and Transportation	1,516	103,110	1,573	101,624	*	-	101,624
Department of Intergovernmental and Aboriginal Affairs	452	29,098	180	12,434	*	-	12,434
Department of Justice	2,690	172,300	2,537	161,845		8,175	170,020
Department of Labour	276	17,488	158	9,481	*	-	9,481
Department of Municipal Affairs, Culture and Housing	3,398	231,934	3,249	213,993	*	92,740	306,733
Department of Post-Secondary Education and Skills Training	6,603	449,947	6,826	487,556	*	132,668	620,224
Department of Social Services	2,766	180,920	2,526	163,572		340	163,912
Executive Council	222	13,717	196	15,419	*	-	15,419
Legislative Assembly	551	35,177	439	27,467		-	27,467
Public Service Commission	128	7,909	183	11,214	*	-	11,214
Saskatchewan Gaming Corporation	984	69,622	1,186	82,666	*	-	82,666
Saskatchewan Liquor and Gaming Authority	1,540	98,870	1,396	91,476		56,350	147,826
Saskatchewan Municipal Board	101	5,591	55	3,184		-	3,184
Saskatchewan Research Council	1,011	72,823	921	62,951	*	-	62,351
Saskatchewan Safety Council	240	13,915	336	18,895		-	18,895
Women's Secretariat	53	3,079	45	2,570		-	2,570
Workers' Compensation Board	362	32,736	604	55,650		90,000	145,650
Crown Investments Corporation of Saskatchewan	1,463	103,697	1,049	81,444		105,365	186,809
Municipal Financing Corporation of Saskatchewan	25	2,035	37	3,152		3,200	6,352
Saskatchewan Development Fund Corporation	74	5,742	53	3,972		7,115	11,087
Saskatchewan Forest Products Corporation	35	3,605	33	2,929		2,537	5,466

Department or Agency	Planned Hours	Planned Costs	Actuals Hours	Actuals Costs		Appointed** Auditor Fee		Total Costs/Fees
Saskatchewan Government Growth Fund	101	$ 8,650	256	$ 24,387		$ 30,610		$ 54,997
Saskatchewan Government Insurance Corporation	456	41,843	545	49,941		141,776		191,717
Saskatchewan Opportunities Corporation	156	13,543	88	8,241		31,083		39,324
Saskatchewan Power Corporation	920	74,940	800	72,592		167,918		240,510
SaskEnergy Incorporated	201	18,678	168	15,407		117,225		132,632
Saskatchewan Property Management Corporation	125	11,058	94	8,833		49,675		58,508
Saskatchewan Telecommunications	400	36,165	432	41,437		157,502		198,939
Saskatchewan Transportation Company	126	10,698	92	8,709		40,000		48,709
Saskatchewan Water Corporation	122	10,346	198	16,914		127,500		144,414
Greystone Capital Management Inc.	6	543	-	-	*	-	#	-
Government-Wide, Sectoral and Special Issue Audits	4,905	422,173	4,628	388,672	*	-		388,672
Legislative Committees and Annual Report	4,504	399,245	4,916	478,289		-		478,289
TOTAL	61,758	$ 4,466,426	59,473	$ 4,382,256		$ 2,253,649		$ 6,635,905
Secondments	1,502	55,574	1,583	61,236				61,236
TOTAL INCLUDING SECONDMENTS	63,260	$ 4,522,000	61,056	$ 4,443,492		$ 2,253,649		$ 6,697,141
Office of the Provincial Auditor						$ 20,440		$ 20,440

* These audits are not fully complete at September 30, 2000. To fully complete these would require 3,130 hours and $255,857.

** Not all appointed auditors have reported the 1999 fees. Where they are not reported for 1999, the most recent fees have been used.

\# The appointed auditor has not reported the 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, or 1999 fees.

Costs of our Detailed Work Plan for 1998

Following is a schedule of planned and actual hours and costs to audit government agencies for their years ended in the period July 1, 1997 to June 30, 1998. The planned costs were originally provided in our 1999 Business and Financial Plan. Our 1999 Annual Report on Operations provides explanations of significant variances between planned and actual results up to March 31, 1999. The actual results reported here have been updated to include hours and costs for these jobs up to September 30, 2000.

Department or Agency	Planned		Actuals			Appointed	Total
	Hours	Costs	Hours	Costs		Auditor Fee	Costs/Fees
Department of Agriculture and Food	4,178	$ 258,904	4,345	$ 282,213	*	$ 229,925	$ 512,138
Department of Economic and Co-operative Development	1,048	63,338	788	51,448	*	-	51,448
Department of Education	2,451	145,952	2,771	180,689		9,170	189,859
Department of Energy and Mines	1,108	67,444	814	50,041	*	-	50,041
Department of Environment and Resource Management	2,515	147,285	1,916	122,613	*	2,500	125,113
Department of Finance	10,004	602,392	7,613	487,086	*	29,000	516,086
Department of Health	8,025	562,751	8,455	626,200	*	667,601	1,293,801
Department of Highways and Transportation	1,388	87,632	1,615	98,336		-	98,336
Department of Intergovernmental and Aboriginal Affairs	237	13,371	235	13,355		-	13,355
Department of Justice	3,150	187,447	3,219	202,829		8,515	211,344
Department of Labour	475	31,252	402	24,289		-	24,289
Department of Municipal Affairs, Culture and Housing	4,258	259,501	3,957	249,716	*	93,380	343,096
Department of Post-Secondary Education and Skills Training	6,313	396,643	8,905	602,618		125,567	728,185
Department of Social Services	2,406	146,131	2,287	140,116		340	140,456
Executive Council	176	9,459	303	18,349		-	18,349
Legislative Assembly	621	36,813	532	30,111		-	30,111
Public Service Commission	178	10,706	113	6,157		-	6,157
Saskatchewan Gaming Corporation	819	52,773	801	54,356	*	-	54,356
Saskatchewan Liquor and Gaming Authority	2,155	132,575	1,734	126,591		-	126,591
Saskatchewan Municipal Board	101	5,026	144	7,770		-	7,770
Saskatchewan Research Council	909	57,648	983	66,565		-	66,565
Saskatchewan Safety Council	240	12,450	246	15,211		-	15,211
Women's Secretariat	56	2,920	52	2,725		-	2,725
Workers' Compensation Board	421	28,568	274	24,563	*	114,300	138,863
Crown Investments Corporation of Saskatchewan	1,420	88,730	1,372	96,450		74,110	170,560
Municipal Financing Corporation of Saskatchewan	30	2,100	28	2,344		3,200	5,544
Saskatchewan Development Fund Corporation	72	5,274	55	4,128		6,900	11,028

Department or Agency	Planned Hours	Planned Costs	Actuals Hours	Actuals Costs		Appointed Auditor Fee		Total Costs/Fees
Saskatchewan Energy Conservation and Development Authority	1	$ 824	40	$ 2,379		$ -		$ 2,379
Saskatchewan Forest Products Corporation	40	3,540	34	3,154		1,000		4,154
Saskatchewan Government Growth Fund	99	7,761	173	15,807		24,860		40,667
Saskatchewan Government Insurance Corporation	411	33,852	370	32,938		138,150		171,088
Saskatchewan Opportunities Corporation	310	24,170	193	16,511		29,721		46,232
Saskatchewan Power Corporation	415	31,160	727	64,048		343,847		407,895
SaskEnergy Incorporated	201	16,989	192	17,570		107,725		125,295
Saskatchewan Property Management Corporation	277	21,074	122	10,101		52,740		62,841
Saskatchewan Telecommunications	395	32,479	487	45,570		178,000		223,570
Saskatchewan Transportation Company	275	20,905	188	15,580		40,000		55,580
Saskatchewan Water Corporation	132	10,434	194	16,450		36,000		52,450
Greystone Capital Management Inc.	6	492	-	-	*	-	#	-
Government-Wide, Sectoral and Special Issue Audits	5,142	392,476	3,205	261,794	*	-		261,794
Legislative Committees and Annual Report	3,972	326,759	3,499	345,389		-		345,389
TOTAL	66,430	$ 4,338,000	63,383	$ 4,434,160		$ 2,316,551		$ 6,750,711
Secondments		56,000	2,231	82,637		-		82,637
TOTAL INCLUDING SECONDMENTS		$ 4,394,000	65,614	$ 4,516,797		$ 2,316,551		$ 6,833,348
Office of the Provincial Auditor						$ 13,030		$ 13,030

* Due to changing priorities, we decided not to do some of the work we planned. This work would have required 3,300 hours for a cost of $231,000. Other work was delayed because we were denied access to the agencies' records. This work would have required 300 hours for a cost of $21,000.

\# The appointed auditor has not reported the 1991, 1992, 1993, 1994, 1995, 1996, 1997, or 1998 fees.

Billings

Departments or agencies billed in 1992-93 through 2000-01.

	Number of Departments or Agencies	Amount Billed	Amount Collected
1992-93 actuals	33	$ 438,510	$ 195,938
1993-94 actuals	16	452,272	452,272
1994-95 actuals	29	528,565	528,565
1995-96 actuals	16	225,763	225,763
1996-97 actuals	11	165,792	165,792
1997-98 actuals	7	141,883	141,883
1998-99 actuals	7	90,495	90,495
1999-00 actuals	6	116,669	116,669
2000-01 actuals	7	37,521 [1]	25,959

[1] To September 30, 2000.

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Appendix III – Memorandum of Suggested Processes for the Board of Internal Economy

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Memorandum of suggested processes for the Board of Internal Economy

The purpose of this memorandum is to suggest processes the Board of Internal Economy could use to obtain advice of an independent nature to help the Board assess our future requests for resources.

To respond to the Board's request, we considered what information elected members should receive to help them assess the requests for resources of all government agencies. The information should ensure proper accountability. We think an effective accountability relationship should ensure there is:

- an agreed upon plan that is clear as to responsibilities, performance expectations, and resources needed;
- a reliable report on performance; and
- a reasonable review of performance.

Information needed from all government agencies

Elected members need to know what results an agency expects to achieve and the costs of achieving those results. Members should also receive regular reports on the agency's progress towards achieving those results. This information allows members to assess the agency's expected results and costs in relation to the members' expectations. To obtain this information, elected members need to receive a proper Business and Financial Plan, and a reliable Annual Report from each agency.

The Annual Report should provide information so elected members know:

- what the agency achieved with the public money that members provided the agency in the past compared to what the agency said it would achieve (i.e., its goals and objectives; and its performance indicators, targets, and results). This information will help members assess the agency's past performance in achieving the members' desired results. This will also help members provide advice to the agency on its future plans.

The Business and Financial Plan should provide information so elected members know:

- what results the agency plans to achieve with the money it is requesting (i.e., its goals and objectives) and how the agency plans to achieve the results (i.e., its strategies and action plans). This information will help members know the products and services the agency plans to deliver are those that the members want delivered to achieve the members' expected results.
- how the agency will know if it achieved its goals and objectives (i.e., its performance indicators and targets). This information will help members assess the agency's planned results in relation to the members' expected results.
- the agency's request for resources is based on the agency's goals, objectives, strategies, and action plans. This information will help members assess the cost of the agency's planned products and services to achieve the agency's expected results.

Independent advice needed to assess resource requests of all government agencies

Next, we considered what independent advice elected members should receive to help them assess the requests for resources of all government agencies.

We think elected members need audit assurance that the reported actual results for the key operational, financial, and compliance with authorities performance indicators included in an agency's annual report are reliable. Members also could seek advice from the auditor about the auditor's assurances when considering the agency's annual report.

Members also need audit assurance that the request for resources in the agency's Business and Financial Plan is based on reasonable assumptions that achieve the agency's goals, objectives, strategies and action plans. Members also could seek advice from the auditor about the auditor's assurances when considering the Business and Financial Plan.

We think elected members need independent advice from the Committee of the Assembly that reviews an agency's annual report. This information will ensure members know that Committee reviewed and offered advice on the agency's performance in meeting elected members' expectations.

Independent advice for assessing the Provincial Auditor's requests for resources

The Board asked us to provide our advice as to how the Board could obtain independent advice to assess our request for resources in our Business and Financial Plan.

We think this independent advice should come from two sources. The first source of independent advice should be about our business (operating) plan (i.e., our goals, objectives, strategies, and action plans) and this should come from the Standing Committee on Public Accounts. The second source of independent advice should be about our financial plan and this should come from the auditor Cabinet hired to audit our Office.

Following is a discussion of why we hold this view, the process for receiving this advice, and how the advice from the Committee and the auditor will help the Board.

Standing Committee on Public Accounts

The Standing Committee on Public Accounts is in the best position to review our operating plan to assess if we are delivering the products and services necessary to achieve the elected members' objectives. We hold this view for the following reasons.

- Elected members enacted *The Provincial Auditor Act*. This Act sets out the members' objectives. The objective is to create an Officer of the Assembly to help the Assembly hold the Government accountable for its administration of public resources. The Provincial Auditor is given specific responsibilities to examine the administration of public resources by all government organizations and to report the results of those examinations to the Assembly.

- Elected members have decided to refer the Provincial Auditor's reports to the Standing Committee on Public Accounts to help that Committee carry out its responsibilities. The Committee is charged with helping the Assembly to hold the Government accountable for its spending of taxpayers' money and for its stewardship over public assets. The Committee's mandate states the Committee will *work with the Provincial Auditor to achieve maximum accountability to the Legislature*. Only the Committee can assess whether our work is useful to the Committee in achieving its objectives.

- The Board needs to know that the Committee thinks our goals, objectives, strategies, and action plans set out in our Business and Financial Plan will help the Committee achieve its objectives. The Board will also want to know if the Committee is satisfied with our past performance in helping the Committee carry out its responsibilities.

We suggest the Committee should carry out the following process so it can advise the Board.

- The Committee should continue to review our Spring and Fall reports to the Assembly and suggest changes to what we do and what we report. Such changes would be intended to help the Committee meet its objectives.

- The Committee should also review our annual reports and suggest changes to the way we carry out our work to help the Committee achieve its objectives. When the review takes place, the Committee could ask the auditor of our Office to attend and provide advice on the auditor's assurances included in our annual report.

- In addition, the Committee should examine our Business and Financial Plan to see if our planned goals, objectives, strategies and action plans will help achieve the Committee's objectives, and to see if we plan to act on the Committees past suggestions resulting from its review of our annual reports.

- The Chair and the Vice-Chair of the Committee should attend the Board's review of our budget to speak for the Committee.

Assurance and advice from the auditor that audits our Office

The second source of independent advice should be from the auditor Cabinet hired to audit our Office.

As stated earlier, the Board needs to know that our forecast financial plan (i.e., our request for resources) is reasonable to carry out our goals, objectives, strategies, and action plans. In the future, we plan to have our auditor examine our request for resources as shown on page 37 of our 1998-99 Business and Financial Plan. Our auditor will provide the Board with assurance that:

- our request for resources complies with the presentation and disclosure standards established by The Canadian Institute of Chartered Accountants. The standards require a clear presentation of the underlying assumptions;

- the assumptions underlying our request for resources are suitably supported and consistent with our goals, objectives, strategies, and action plans and that the assumptions provide a reasonable basis for the request; and

- our request for resources reflects our assumptions.

When the Board meets to consider our request for resources, the Board could ask our auditor to attend and provide advice to the Board about the auditor's assurances included in our Business and Financial Plan.

Summary

Thank you for the opportunity of suggesting processes that would improve the review of the resource requests of all government organizations. We think all government organizations should be equally accountable to the Assembly. We look forward to serving as a role model.

We plan to continue to improve our Business and Financial Plans and our Annual Reports on Operations to help members assess our performance and future requests for resources. Key to our planned improvements is to have the auditor who audits our Office provide assurances on the reliability of the information we provide to elected members.

The assurances will relate to our requests for resources in our Business and Financial Plans so members know the requests are based on reasonable assumptions that achieve our goals, objectives, strategies and action plans.

The assurances will also relate to the reliability of our reported actual performance results included in our annual performance reports.